

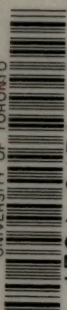
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HISTORY OF THE ENGLISH CORN LAWS

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UNIVERSITY OF TORONTO



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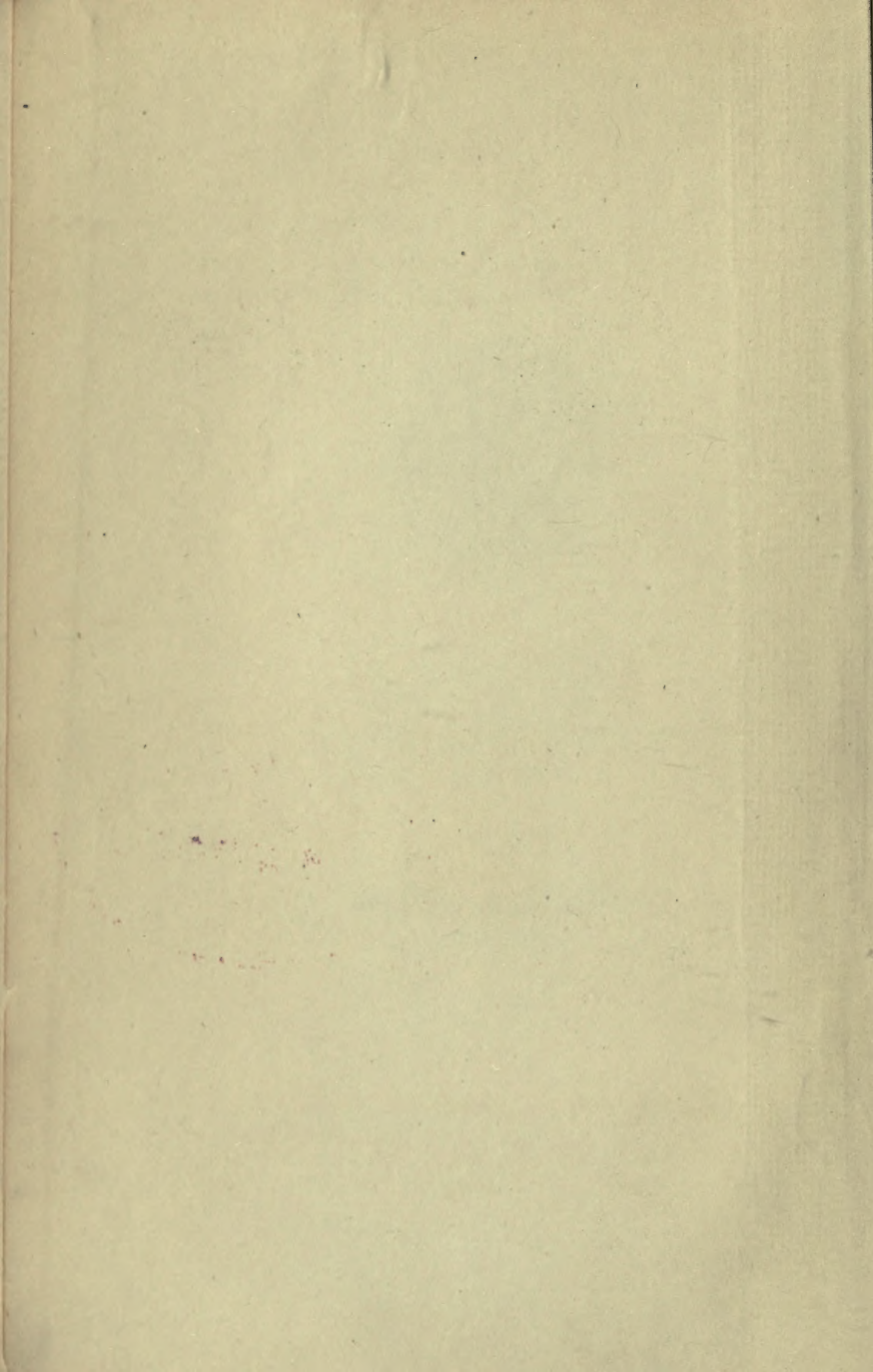
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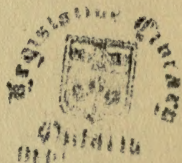
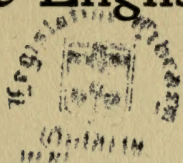
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The History of The English Corn Laws

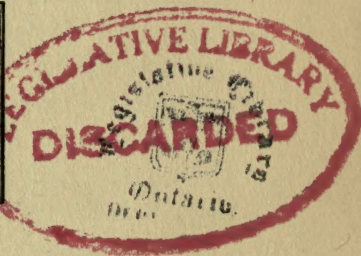


BY

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LONDON

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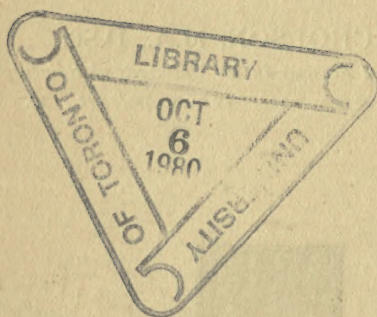
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PREFACE

THE present work is based on a set of lectures given in the University of Cambridge on the Gilbey Foundation in the May Term of 1904.

The principal object is to show that the history of the Corn Laws can only be understood as part of the general economic policy of the country. The laws affecting imports were only a part of the system of Corn Laws, and for a very long period not the most important part, though they reach back to the fifteenth century. Up to the nineteenth century, regulations affecting the internal corn trade and speculative dealings; the assize of bread; the export of corn; the conflict between arable and pasture land; the dangers of rural depopulation—all these and other questions were of much more importance than import duties. And it may be observed in passing that each of these topics has a present-day interest, though the colouring circumstances have changed;

it is only necessary to mention dealings in "futures" and "corners"; our dependence on the exports from other countries; and the shrinkage of arable land and of the supply of labour in the country.

Not only, however, do the Corn Laws cover a much wider field than is indicated by import duties, but the whole system of corn laws was part of a wider system. Conversely, the repeal of the import duties was only part of a great movement in the direction of free trade, and but for the stimulus of the potato famine, Sir Robert Peel had intended that the reduction and final repeal of the Corn Laws should take place as part of his general scheme of the reform of the Customs tariff. And this relinquishment of Customs duties was itself also associated with the abandonment of other regulations affecting trade. To take but two examples—the laws restraining combinations of labour and the development of joint-stock companies were abandoned with far-reaching consequences. It is a matter for argument whether this abandonment of regulation in trade and the coincident increase of regulation in other departments of social life may not both

have been pushed too far. For the present, it is enough to insist that we ought not to be content with looking at each case on its own merits; no social fact can be isolated; and the best antidote to this narrowness of vision is found in the study of social and economic history. The wide interpretation given in this survey to the Corn Laws, if this position is admitted, is justified not only as historically correct, but as necessary for any practical application; nothing could be more dangerous than to appeal to historical precedents without taking into account all the circumstances of the case, and trying to discover the inner meaning of the historical precedent. Although the main object has been to treat the subject entirely in a positive historical manner, incidentally, no doubt, various popular errors and misrepresentations have been exposed; in general, however, the practical application—and there is abundant opportunity—has been left to the reader.

In preparing the lectures, I undertook a somewhat extended reading, and I have been especially indebted to the following: Dr. W. Cunningham's "Growth of English Industry and Commerce"; Tooke's "History

of Prices"; Porter's "Progress of the Nation"; Mr. A. L. Bowley's "Wages in the United Kingdom in the Nineteenth Century"; Mr. Morley's "Lives" of Gladstone and Cobden; Mr. C. S. Parker's "Life of Peel"; the pamphlets by Malthus, Ricardo, West, etc., in the great controversy on the Corn Laws and the nature of rent about 1814-15; W. Naudé's "Getreidehandelspolitik der Europäischen Staaten vom 13 bis zum 18 Jahrhundert"; G. Schanz's "Englische Handelspolitik gegen Ende des Mittelalters"; various blue-books and official publications, especially the report published in 1897 on the Customs Tariff of the United Kingdom from 1800 to 1897, with notes on the more important branches of receipt from the year 1660; the so-called fiscal Blue-Book of 1903; the report by Mr. Wilson Fox (1900) on agricultural wages and labour; the essay on the Corn Laws by MacCulloch, appended to his edition of the "Wealth of Nations"; and, needless to say, the "Wealth of Nations" itself. Mr. A. B. Clark, M.A., has kindly revised the proofs, and verified references.

J. S. NICHOLSON.

UNIVERSITY OF EDINBURGH,
October, 1904.

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INTRODUCTORY: The Corn Laws may be studied from different points of view, and first as affecting the interests of the consumer. The earliest Corn Laws were intended to prevent the exaction of monopoly prices and to check speculation. Export of corn was regulated to secure cheapness and plenty at home; the bounty was defended on the same ground; the duties on imports were remitted or relaxed in dear years, and sometimes bounties were given on imports. Up to 1815 the Corn Laws had in fact little effect on prices, but after that year they raised to some extent the average price, and increased fluctuations beyond what would otherwise have been the case - - - - -

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CHAPTER II

THE INTERESTS OF PRODUCERS

THE producers interested in the Corn Laws are the landowners, the farmers, and the labourers. In the Tudor period direct legislation was attempted to restrict sheep-farming and to promote corn-growing. From the seventeenth century the belief was general that the best sign of national progress was a rise in rent, and it was supposed that anything that raised rent increased progress. These views were held by impartial writers. Corn Laws that raised rents were also supposed to benefit the nation. At the close of the eighteenth century the interests of landlords and consumers began to be opposed, and the divergence increased till the repeal. The farmers suffered from the greater fluctuations, but there was great progress in agriculture owing to other causes. Wages were low, and especially during the great war, whilst rents rose greatly, real wages fell. The low wages can only be partly ascribed to the effect of the Corn Laws -

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THE INTERESTS OF PUBLIC POLICY

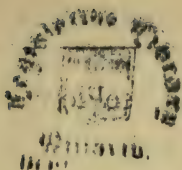
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THE history may be studied from the point of view of the interests of the State and of general public policy. The early Corn Laws involve the same ideas as the usury laws. The power of the Crown in regulating foreign trade in corn gave rise to a constitutional struggle. Exports were encouraged to promote the mercantile marine, and in that way naval power. The revenue from the import duties was considered of secondary importance till just before the repeal. Stress was laid on the advantages of a large rural population, and of national independence as regards food supplies. The duties were essentially protective, and must be regarded as part of a wider system. The repeal was only part of the general movement towards greater freedom of trade, which began with the petition of the merchants in 1820, and was not completed till 1860. Preferences were granted to the British Colonies also as part of the general colonial policy 103

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AT the time of the repeal there was much exaggeration as to the past effects of the Corn Laws on prices, and also as regards the monopolistic spirit of the landowners. Although the landowners had been the dominant political class for centuries, the greater part of the old Corn Laws had been designed in the interest of the nation as understood at the time. In the nineteenth century the only part of the system that remained effective was the protective import duties ; they had become hurtful to the consumer and to trade in general, and if retained would have done still more harm. The whole history of the Corn Laws is a good example of the negative argument for Free Trade. Protection to agriculture could only be restored by reverting to old ideas which would now be still more difficult of attainment, as the conditions have become more complex 147



HISTORY OF THE ENGLISH CORN LAWS

CHAPTER I

THE INTERESTS OF THE CONSUMER

“THE laws concerning corn,” says Adam Smith, “may everywhere be compared to the laws concerning religion. The people feel themselves so much interested in what relates either to their subsistence in this life, or to their happiness in a life to come, that Government must yield to their prejudices, and, in order to preserve the public tranquillity, establish that system which they approve of. It is upon this

account, perhaps, that we so seldom find a reasonable system established with regard to either of those two capital objects." The comparison is striking, and is suggestive of a wider application than was possible for Adam Smith. The application of the historical and comparative methods to the explanation of the origin of religious superstitions has shown that when we take account of the knowledge and the ideas of these early speculators on the supernatural—even the most absurd and fantastical of these superstitions, from our point of view, were from the point of view of their originators most reasonable and natural. The author of the "Golden Bough" has given us on this point abundant and convincing evidence. And in the same way, when we apply the same methods to the ancient laws concerning corn, it appears that if we take account of the circumstances

and ideas—social, economic, and political—of the times in which they originated, they also may be found to rest on a reasonable basis. The great merit of recent economic history, as exemplified in this country by Dr. Cunningham, is that an attempt is always made to give the rationale of the legislation and the policy from the standpoint of the time; we no longer search economic history simply for the illustration of popular fallacies from our own standpoint.

In dealing with the history of the Corn Laws in the modern scientific spirit, our first object ought to be to understand the circumstances and the ideas in which they originated. We may then consider how far they were successful in attaining the objects proposed, and how far the modification or abandonment of the original policy was due to a change in the conditions. So far we

are dealing with facts capable of exact verification if sufficient evidence is forthcoming. But even the most modern historian, who aims at being something more than a mere annalist, is inclined just as much as his pre-scientific ancestor to point a moral to his own day and generation. In the course of the presentation of the ancient history, some indication may be offered of its bearing on modern conditions, though the commentary will, I trust, be made in the judicial spirit that is befitting to the subject and to the occasion.

The English Corn Laws are of great variety, and have a very long history. Speaking generally, it may be said that throughout there were three principal objects kept in view, the emphasis being varied according to the needs of the time. All three objects were in themselves eminently reasonable—(1) there was the interest

of the consumer in cheapness and abundance ; (2) the interest of the producers was naturally an object of concern when for centuries agriculture was the chief occupation of the great mass of the people ; and (3) the interest of the nation, as distinct from the amalgam of the interests of individuals and classes, was considered in various aspects as, for example, with regard to the prerogative of the Crown in trade, or the advancement of naval supremacy or colonial dominion. I propose to take these three leading ideas in order, viz., as affecting the consumer, the producer, and national interests, and to treat them as far as possible separately. From the point of view of chronology, this will involve a certain amount of repetition. It will be necessary to refer to the same statutes from different points of view ; but, *per contra*, it will evade a certain amount of confusion.

I begin with the corn legislation in the interests of the consumer. There is a popular opinion that the interests of the consumer only began to be considered in 1846; as a matter of fact, in England the interests of the consumer had received the continuous attention of the Government for more than six centuries before that date. I will notice briefly the methods and ideas by which the interests of the consumers were to be promoted. In the mediæval period it was generally believed that things ought to be sold at "just" or reasonable prices, and that those who exacted more than these reasonable rates offended against the moral law and the dictates of religion. In many cases the sanction of positive law was added to that of public opinion. It is clear without much analysis that the just price must vary according to variations in circumstances,

and in the case of corn it was always recognised that the just price must vary with the seasons and the yield. It was only on rare occasions that attempts were made to fix definite maximum prices for corn ; or in other words, the consumer so far was left to the higgling of the market. A glance at the records of the prices of grain collected by Rogers from the thirteenth century will at once show that there were constant and severe oscillations in the prices of grain. But the idea of justice was by no means inoperative even in this case. The law intervened in the interests of the consumer to restrain or to prevent monopoly and speculation.

The danger of monopoly or of combination with the force of monopoly was greater in proportion to the greater difficulty in the means of transport. For the most part, every locality relied on local supplies, and there

was no effective competition throughout the whole country. There were often great differences in prices at comparatively short distances. Another circumstance that favoured the emergence of monopoly was the necessity of the buyer. Bread of some kind was the main support of the population. The idea was well expressed by Henry VIII.: "Vitayll being a necessary subsistence for the bodye should not be esteemed at the seller's libertie, lest he should abuse his merchandise and enforce men for want to buy at his price."¹ Accordingly, an elaborate and detailed system of regulations was devised to prevent the exaction of monopoly prices for corn. Such were the laws against forestalling, regrating, and engrossing; the general idea being to prevent the holding up of corn by speculative dealers, and to check the manipulation of the markets by false rumours or

¹ Schanz, *op. cit.*, 622.

by engrossing supplies on the way to market. There can be little doubt that the idea at the basis of these regulations was reasonable under the conditions in which they were formulated, but as is shown in the preamble to the statute of 1772, by which they were repealed, they had become by that time injurious alike to the consumer and to the farmer by checking the natural trade in corn. It is worth noting, however, that the prejudice still survived, and by the aid of the common law, as late as 1800 a corn dealer was indicted for regrating—that is, selling corn at an advance of price on the same day—and he only escaped conviction on a technical flaw in the summons.

These ancient laws against monopoly and speculation are of interest at present, as in some quarters a reversion to the ideas involved is advocated on account of the supposed injury to the consumers by

speculative dealings in futures, and by attempts to corner the market. On the whole, however, the opinion of Adam Smith has been confirmed by recent investigators of the uselessness or hurtfulness of such regulations.

The price of corn is of course, in general, only of interest to the ordinary human consumer in so far as it affects the price of bread. And given the price of corn, as determined in open market under fair conditions, the early legislator felt able to fix the price of bread on a just basis. The method adopted was by the famous assize of bread. In London, regulations of this kind were made as far back as the twelfth century, and probably earlier.¹ In the early assizes of bread, the plan adopted was to fix the weight or the size of the loaf according to the price of the corn of which it was made. The loaf

¹ Cunningham, Appendix A to Vol. I.

actually expanded and contracted according to the price of the raw material; in those days there really were big loaves and little loaves. It was not till the reign of Queen Anne in 1709 that a measure was passed so that the price of the bread, and not the size of the loaf, should vary with the price of the corn.

The idea at the root of these assizes of bread must again be allowed to be reasonable when they were first instituted. The baker was allowed a fair profit after buying his flour, and after paying his labour reasonable wages. But here again also it was proved by experience that this protection of the consumer by fixing the profits of the baker tended, in the course of time, to defeat its own object. The price of bread reacted on the price of the corn. It was shown, for example, that in London in 1757, a year of scarcity, the attempt of the authorities to

cut the price of bread as fine as possible caused the greatest uncertainty to the holders of grain and flour, and in consequence they sent their supplies to places in which the practice of setting an assize had fallen into disuse.¹ In ordinary times it was objected to the assize that it made the bakers indifferent to the price of flour, as their profit was calculated over and above this price, whatever it was, and also it was said that it encouraged the use of inferior material, as, apart from a rough grading, no allowance was made for difference in the quality of the bread. At any rate, the result, so far as London was concerned, was the abolition of the practice of the assize of bread in the year 1815, whilst in other places it fell into disuse, though still legal. In the present

¹ Cunningham, Vol. II., p. 318. An interesting account of the assize of bread is given in a paper by Mr. and Mrs. Sidney Webb in the *Economic Journal*, June, 1904, p. 196.

controversy attention has often been directed to the differences in the prices of bread in different places, and it is supposed in some quarters that a legal remedy is needed, but the methods of competition on the one side and co-operation on the other seem to be sufficient for the protection of the consumer.

We may next consider how the interests of the consumer were affected by the regulations concerning the exportation of corn. In the early mediæval period the export of grain was only permitted by the licence of the King, and towards the end of the twelfth century several instances are recorded of people being fined for exporting corn without a licence. It was found that this method of royal licences was, as in other cases, liable to abuse, and complaints were constantly made that the King granted the licences too readily, and that the price of corn was unduly raised in consequence.

The King, of course, only granted the licence on a consideration, and thus there was a conflict of interests between the revenue of the Crown and the cheapness for the consumer; this, however, is a point that may be treated in connection with the Corn Laws from the point of view of public policy.¹ Here it is sufficient to notice that, in general, in the laws affecting export, the interests of the consumer were recognised, though they were not always considered of paramount importance. By the year 1393,² the Commons had begun to recognise the interests of producers in freedom of export, and a law was passed that free export should be allowed, unless it were forbidden by the King in Council, in the interests of the public in the times of scarcity.

The next step was to take away the right of forbidding export from the Crown, and

¹ Naudé, p. 79. ² *Ibid.*, p. 76.

to fix by statute, a limit of price above which the export was not to be allowed. The culminating point of the legislation in favour of freedom of export was reached in 1463.

Under the Tudors the method of royal licences was again resorted to with the increase in the power of the Crown. In the reign of Mary wheat was not to be exported unless the price was below 6s. 8d. per quarter. This, with the range of prices then prevailing, meant the total prohibition of export: the producer so far was sacrificed to the consumer. It is to be observed that it was usual also to prohibit the export of corn from one county or district to another in times of necessity; and in particular, care was taken to prevent the buying up of the corn for speculative sales. Adam Smith observes that regulations of this kind for small areas—*e.g.* Switzerland cantons—were perfectly reasonable.

In 1593 the export of wheat was permitted when the price fell below 20s. (and corresponding figures for other grain), a duty of 2s. being also imposed on the export. This limit was again raised by James I., and in 1624 export was permitted when the price fell below 32s.

The constant disputes concerning the export of corn, and the variation in the adjustment of the interests involved, shows that the export trade was always, at any rate in times of plenty, of some importance, but it must not be exaggerated. In a debate in the House of Commons as late as 1677, it was said that the inland counties had no interest in the laws affecting the export of corn, and a sufficient explanation is found in the badness of the means of transport, and in the customary self-sufficiency of the various localities. For a long period it is probable that the supply

of London was of much greater importance to the counties on the south-east coasts than the foreign trade, although, from the very earliest times, even in the Roman occupation, corn had been exported from these districts to the Continent.

Closely connected with the policy of regulation of exports is the device that was so popular in the seventeenth century of erecting public granaries to keep the surplus of one year against the dearth of the future. The plan was generally approved not only for London, but for almost every county. The system—like much of the economic policy of the seventeenth century—was apparently borrowed from Holland, as is stated in the Proclamation of 1623. The reasons given are, first, the necessities of the poor, and next, the interests of the farmers, who, in cheap years, could not pay their rents.

¹ Cunningham, Vol. II., p. 318.

Apparently this method of public granaries, though for a long time very popular, was never carried out practically to any great extent. It may, however, have given the idea later on for bonded warehouses, as in this case, also, the idea was to store foreign corn in the cheap years. In 1670 the export of corn was permitted without any limit of price. But it appears that the permission was at that time of little importance, as the total export for some years had ranged in value only from £2,000 to £4,000 sterling, and for the most part from London.¹

We come now to the celebrated measure of 1689, which provided, under certain conditions, for the giving of a bounty on the export of corn. This measure was no doubt partly intended to promote the interests of the producers, and to compensate

¹ Naudé, p. 100.

the landlords for increased public burdens, and so far will call for attention later on ; but it is noteworthy, under the present aspect, that the interests of the consumer were not neglected, and were ostensibly placed in the foreground. During the whole of the eighteenth century, a great controversy raged as to the merits and demerits of the corn bounty. And those who wrote most strongly in its favour always maintained that it benefited the consumer. This it was supposed to do in two ways. In the first place, it was said that, under the stimulus of the bounty, more land was cultivated than otherwise would have been the case. Accordingly, in time of need, the country had a greater home supply. The bounty was only given when the price of wheat was at or below 48s. (and proportionately of other grains), and as a matter of practice, if the seasons

seemed to indicate a probable scarcity, the bounty was suspended in *anticipation*, and, in general, even the export of corn was prohibited. It followed that the price could never rise very high, merely in consequence of the stimulus of the bounty to export, whilst the stimulus, it was said, was sufficient to put more land under the plough. Thus the consumer gained, on the average, by a greater constancy of supply; and, indirectly, he gained also by the greater steadiness of price—the scarcity in bad seasons not being so great. It was also contended that, on the whole, the average of prices was lower. And in theory this view seems at least plausible, because, as is well known, a small deficiency of supply raises the price out of all proportion. Against this view may be set the argument founded on the law of diminishing return. It is, however, doubtful if this

argument was relevant or valid during the maintenance of the bounty. During the eighteenth century great improvements were made in agriculture both by methods of cultivation and by the enclosures. And during more than half of the century the run of seasons was good, and the restraints on the increase of population were effective. And, on looking to the records of prices, we find that up to 1765 the range was very low. The opinion of Adam Smith on the bounty seems, for once, to have been vitiated by excess of pure theory, not corrected, as usual, by history. This is the more remarkable, as he himself points out that in France, in place of a bounty, there was during this period prohibition of export, and yet the range of prices was about that of England, which surely raises the presumption that the bounty could not have raised prices in England.

It may, of course, be argued that but for the bounty the price of corn in England would have been still lower; but, on the other hand, even Rogers thinks that the bounty gave a great stimulus to production, or, as he says, there was speculation for the bounty. He also says that as the bounty was given regardless of the quality of the different sorts of grain, profit was greater on the export of the worst qualities of each sort; but so far the English consumer would gain. At any rate, it is clear from the range of prices that there was no real injury to the consumer up to 1765. The bounty paid for the 68 years up to that date was in the aggregate over six million pounds sterling, and this, of course, had to be met out of taxation, and so far the public suffered; but the expense over so long a time does not seem large.

The species of Corn Law that eventually

had most influence on the interests of the consumer was that which involved the restriction of imports. The idea of restricting imports is to keep up or to raise prices in the interests of the home producer, and so far the consumer is damnified. As early as 1463 we find the import of foreign wheat prohibited when the price was not above 6s. 8d. a quarter, which was above the average price of the century.¹ For a long period, however, the restraints on imports were of little practical importance. By the 22 Charles II. (1670) and subsequent additions prohibitive duties on imports were imposed—*i.e.*, prohibition having regard to the range of prices both at the time and for a century after, but it was the practice to suspend the duties on the mere threatening of scarcity.² The total amount imported from 1697 to 1765

¹ See Customs Blue-Book, p. 229.

² *Ibid.*, p. 231.

was only about one and a half million of quarters of corn for the 68 years—or about 20,000 quarters a year, or (say) one fiftieth of a million, whilst the annual production was probably about fifteen million quarters, so that the import was relatively a negligible quantity. As Adam Smith observes, in his time the average import did not exceed one part in 57½ of the annual consumption. In fact, until the industrial revolution in the last quarter of the eighteenth century, England had been in general an exporting country. Under the influence, however, of bad seasons and increasing demand, importation began to be of practical importance; and in 1773 (13 George III.)¹ a law was passed allowing, from January, 1774, import at a nominal 6d. per quarter when the price was at or above 48s. a quarter. Having regard to the

¹ See Customs Blue-Book, p. 233.

course of prices during the century, this figure seemed to give a good margin of profit to the producer; but as prices began to rise under natural economic conditions, the landed interest began to think they had been injured. The year 1788 may be taken as the year in which the imports began permanently to overtop the exports, and in 1791 a law was passed at the instance of the landed interest to raise the limit of the nominal duty to 54s. It is noticeable that, although apparently the Act was passed in the interests of the landowner, it met with general acceptance (as MacCulloch points out) mainly on the ground of the importance of the independence of the country for food supplies—the argument which was most pressed (*e.g.*, by Malthus), and seemed to have most validity during the great agitation for the repeal of the import duties.

It is not necessary to give the particulars of the various alterations in the figures of the corn duties from 1791 up to the repeal in 1846. Full details are to be found in that most valuable Blue-Book published in 1897,¹ which gives the rates of the Customs from 1800 to 1897, and also as regards some of the most important, including corn, a summary of the earlier history.

It may be useful to quote a few representative facts and figures, but most of the Acts are complicated, and compression is liable to be misleading. On the present occasion it must suffice to trace the general trend of the legislation, and to notice the principles applied and the methods adopted. First of all, it may be noted that the plan adopted in 1773 was continued, and corn could at any time be imported free of duty

¹ C. 8706.

and warehoused; it only paid the duty that happened to be chargeable at the time, according to the Act in force, when it was taken out of bond for home consumption. But with this exception, the laws became more opposed to the interests of the consumer up to the culminating point in 1822.

We observe a rise in successive Acts of the limit at which corn could be imported, or withdrawn from the bonded warehouse at a nominal duty. In 1773, as we saw, it was 48s., but by 1822 the limit for the nominal duty had been raised to 85s.¹ This is a striking example of the progressive rise of protective duties. When the price fell below these figures assigned for nominal duty heavy duties were imposed, and by the Act of 1815 foreign wheat could not be taken out for home consumption at all until the home price had reached 80s.

¹ Customs Blue-Book, p. 244.

In 1822 the prohibitive limit on foreign wheat was lowered to 70s., which was so far a gain to the consumer, but then heavy duties were imposed till the price reached 80s., and the nominal duty of 1s. only came into force when the price was up to 85s. It is recorded that the new scale of duties did not, in fact, come into operation, because from 1822 up to 1825 the price of wheat never rose to 70s.; and in 1826, when through a bad summer a real scarcity was threatened, ministers on their own responsibility partially suspended the Act, and afterwards obtained an indemnity from Parliament.

In 1828 the prohibition was annulled, but the apparent favour was greatly neutralised by the adoption of heavy graduated duties. One effect of these graduated duties was to increase the risks of importation, as a higher duty might be chargeable before the cargo

arrived from the foreign port. Another natural result was that combination of importers was resorted to so as to raise the price, and in that way obtain a lessened duty.¹

Owing to defective harvests, there was relatively large importation from 1828 to 1833 in spite of the duties, but in 1835 the price of wheat—that is, the average for the year—fell to 39s. 4d., the lowest recorded since 1780. In 1839, however, owing to a recurrence of bad seasons, the price rose to 70s. 8d., *i.e.*, for the year. In this year the Anti-Corn Law League was founded, or rather took its final shape.

In 1842 Peel introduced some modifications. But the limit for the nominal duty was retained at 73s., and the method of graduation was retained also, although the rates were lowered. The reception of Peel's

¹ Tooke, Vol. III., p. 314.

Budget of this year will call for some comment later on. I may notice in passing that his Corn Bill was so little approved by the reformers that Peel was burnt in effigy in Manchester.

In 1845 came the potato famine and the "rain that rained away the Corn Laws," as John Bright said. In 1846 the restraints on imports were repealed, except the shilling registration duty, and this was abandoned in 1869. The full remission of the duties was not to take effect till 1849, but as a matter of fact they were suspended.

In this very brief survey several points of interest have been omitted. There were, for example, the difficulties of time and place, and the methods of calculating the price of corn for import. Again, although throughout only the figures for wheat have been referred to, there were corresponding figures for all other kinds of grain. As regards the

agitation for repeal, it must not be thought that before the Anti-Corn Law League the evils had not been realised. The Corn Laws, in their extreme form, were condemned by parliamentary committees, and a minority of peers, headed by the Lord Granville of the day, entered their protest on the journal of the House of Lords in words which might have been written by Cobden, but Cobden at that time (1815) was only a boy of eleven years. There was a great battle of pamphlets, and the famous petition of the merchants was drawn up by Tooke in 1820.

A point that will call for special attention later on, in discussing the Corn Laws from the point of view of public policy, is the preferential duties and the lower limits allowed to the British colonies, which were a feature of the Corn Laws from 1766 down to their repeal.

For the present, however, I am dealing as

far as possible with the interests of the consumer alone, and at this point it may be well to give some estimate of the effects of the restraints, and of their abolition, on the consumers or the masses of the people.

It cannot be truly said that, in imposing restraints on imports, the consumer was deliberately and intentionally sacrificed in the interest of the landowner. The very Act of 1670, which was in force for a century, was entitled an Act "for the encouragement of tillage," and the restraints during that time must be taken in conjunction with the bounty.

From 1698 to 1773 the bounty on export was suspended seventeen times—that is, on every threat of scarcity—and similarly the restrictions on imports were suspended. The partial suspension of the Act of 1822 has already been noticed, but there are other evidences still more remarkable. In some years a bounty was given on imports

into the country, and in 1797 over half a million sterling was paid on bounties on imports. Again, in 1800,¹ a considerable bounty was given on import of corn of various kinds. The report of a committee in that year points to the advantage of the import of corn from the United States and from India.² At the same time attention was given to the import of rice, maize, and other substitutes from abroad. The growth of potatoes at home was encouraged by a curious system of prizes both for labourers and cottagers, and also for the larger farmers. Economies of grain were also enforced, as by limiting the amount used in distilling³ and in the

¹ Tooke, Vol. I., p. 223.

² Cunningham, Vol. II., p. 707 n.

³ Restrictions on the use of grain for malt, so that more might be available for bread, occur from 1587. See "Early Public-House Regulations," by C. M. Iles, *Economic Journal*, June, 1903.

manufacture of starch. The committee of 1795 considered the possibility of introducing sumptuary legislation to check the waste of corn, but it was thought that a proclamation by the King would suffice, and such a proclamation was issued suggesting the economy in the use of flour and of bread in the richer households. A remarkable example of the effect of this proclamation is given in the memoirs of Lord Cockburn in regard to Edinburgh. In March, 1795, he states that probably one-eighth of the population of the city were being fed on charity. A public proclamation specified the exact quantity of bread which each family ought to consume, being a loaf for each individual weekly. At the same time committees were formed to teach economies in cooking, and the chemistry of the day strove to get nourishment from all kinds of things. One

ingenious sacrifice in wealthy houses was to produce an appearance of wheat at table without the reality. So dishes were invented which in shape and colour resembled the forbidden articles, and the knife often struck on what seemed good pie-crust, but was only clay.¹ In the same way people gave up powder for their wigs to save the flour.

The great encouragement given to the enclosures during this period, though again ostensibly in the interests only of the landed class, was really designed to extend the cultivation in the interests of the consumer; and the General Enclosure Act passed in 1801 was intended to bring more of the waste land under cultivation, and at the same time to lessen the legal charges, and to make a more equitable distribution of the land enclosed. The root idea at this time, and for

¹ Lord Cockburn's *Memoirs*, Vol. I., p. 63.

long afterwards, was that, however much importation might be encouraged in dear years, the country ought to and must in the main rely on its own resources. Perhaps the best proof of the general acceptance of this idea is found in Porter's "Progress of the Nation." This book is written throughout in full sympathy with the free trade ideas of Adam Smith, and is of course the standard work on the economic history of the first half of the nineteenth century.

In the section dealing with the progress of agriculture (p. 136 *seq.*), written in 1846, he gives reasons for maintaining that every considerable country must rely in the main for an increasing population on a corresponding increase in its own food supplies. He gives interesting tables to show that in Britain, from 1800 to 1844, there had been a great increase in the home production of wheat, and he calculates in decennial periods the

numbers of the people fed upon home-grown and on imported wheat. Taking the usual estimate of one quarter of wheat per head of population, in 1801 to 1810 about 600,000 were fed on foreign wheat, and about 11 millions on home-grown wheat. In 1831 to 1840 the number fed on foreign wheat had increased to nearly 900,000, but those fed on home-grown to 16½ millions. On this calculation the number of people fed on home wheat had increased by 50 per cent., and by about 5½ millions absolutely. Porter showed also that other forms of home-grown food had increased at least as much. He argued that the population would at the same rate of growth be over 40 millions for Great Britain at the end of the nineteenth century, and that this would involve an increase in the yield of wheat and of every other form of agricultural produce of 150 per cent. compared with 1840. He supposed that with

the progress in improvements that might be expected, this increase was not only possible but easy. At the same time, he was strongly in favour of the repeal of the Corn Laws; the point is that, writing even in the very year of that repeal, he did not anticipate that the country could continue the same rate of growth in population unless there was a corresponding increase in the home production. In fact, the universal belief at the time was that the country would always grow the larger part of its own grain.

To resume the main argument: in the period from 1773 to 1846 it is clear that the Legislature did not intentionally neglect the interests of consumers simply in the interests of the dominant landlords. It was generally believed that it was necessary to stimulate the home production and to keep the country in the main self-supporting. The price of corn was determined mainly

by the course of the seasons in Britain itself.

There could be no greater mistake than to suppose that the high prices that prevailed in this period (1773 to 1846) were entirely due to the restrictions on imports. The researches of Tooke have shown that from 1792 to 1815 the effect of the Corn Laws on prices was not appreciable; and it may be recalled he shows also that their influence on prices in the eighteenth century was not discernible. The high prices in the great war were partly due to the seasons, and partly to the difficulties imposed on trade by a state of war. Between 1815 and 1827, as before, the Corn Laws were relaxed or modified in times of scarcity, and Tooke says that in 1826-27 the price of wheat would have been 70s. to 80s. a qr. but for this relaxation, in place of being under 60s.

Again, it may be pointed out that if we

take decennial averages, beginning with the year 1800, in the first ten years the price is 84s. 8½d.; in the next, 1810-19, it is 91s. 5d.; in the next, 1820-29, it is 59s. 9½d.; from 1830 to 1839 it is 56s. 9d.; and from 1840 to 1844 (five years), the price is 57s. 10d.¹ Yet from 1815 to 1822, by the Corn Law, wheat could not be admitted free or with nominal duty till the price reached 80s.,² and from 1828 it must reach 73s. The average of the 25 years preceding the repeal was about 57s. 6d.

It is thus clear that, under the conditions of that time, the price was not forced up to and maintained at the limit of free importation, being in fact, with the 80s. limit, 22s. 6d. below, and with the 73s. limit 15s. 6d. below, on the average. There were also years of remarkable cheapness, as in the record year of 1835—39s. 4d.

¹ Porter, p. 146.

² In 1822 the limit was 85.

But this leads to an effect of the Corn Laws that is of greater importance:—The tendency was to increase the range and the frequency of the fluctuations in prices—*e.g.*, in 1812, we had 126s. 6d. per qr.; in 1822, 44s. 7d. This effect, which, as will be shown later, was the chief evil affecting the farmers, was also an evil as regards consumers. It is obvious that a low price in one year will not compensate the consumer for a famine price in the next, especially when we consider the masses of the people, and in the course of any single year there were also great fluctuations. If fluctuations in *money* wages are bad, so also must they be bad in real wages. It is not necessary to labour the point or support it by recent theory; but it is right to give emphatic weight to this consideration. So far as the Corn Law was successful in making this country rely mainly on its

own supplies, so far it made it also rely on its own seasons. And it is easy to see from the records of Tooke that with any scarcity at home there was a rise out of all proportion. The conclusion, then, appears to be, so far as the Corn Laws were operative, there was *some* rise in the *average* price, though not so great as was generally supposed, because the country was in the main self-supporting. In general, also, the whole of Northern Europe, the principal foreign source of supply, was subject to the same seasons, and export was restricted in times of scarcity, and even the freest importation on our side would not have lowered the price by much in some of the dear years. But the Corn Laws, so far as operative, did greatly increase the fluctuations between extremes, and it is not right to look merely to the average of the year.

In trying to set forth the facts of the

Corn Law period without exaggeration, I may seem to have underrated the importance of the repeal to the consumers of the country, and especially to the masses of the people.

In conclusion, then, some points may be noticed which indicate the real gain conferred by the repeal on the consumer. And, in the first place, it may be observed that the price of corn must always be considered in connection with the rate of earnings or spending power.¹ The effects of the Corn Laws on the real wages of the agricultural labourer will be taken up in the next chapter, but in the meantime it may be said that in the nineteenth century up to the repeal the general rate of wages was very low. Under these conditions any rise in the average price of corn, or any increase of fluctuations, had a proportionately greater

¹ Malthus.

effect on the real wages or the general welfare of the working classes. The effect of the Corn Laws may have been exaggerated, but so far as there was any effect at all it was injurious, and greatly injurious. In the misery of the time the smallest rise in the price of bread was a great evil, and after 1815, and especially towards the end of the Corn Law period, the influence of the Corn Law was becoming real and serious; that is to say, the average was somewhat higher, and the extreme prices on occasions were greatly higher, than would have been the case under free imports. The importance at the time of the price of corn is shown by the well-known fact that the marriage rate varied inversely with the price of wheat. Another effect is brought out by Porter, which is not so obvious at first sight. He observes, in dealing with the wages of this period, that "in order to provide the

wanted supply of food for their families, men employed at piece work are induced to task their labour more severely than usual, and by this means soon create against themselves a scarcity of employment, which induces them to underbid each other in the labour market, until they end by procuring in return for greatly increased exertion even a smaller amount of wages than they had received before the high price of provisions had driven them to severer labour." This is no mere theory—though for long, no doubt, it was a popular theory—but is confirmed by interesting and detailed evidence. It appears from evidence given to a committee of the House of Lords on the Corn Laws in 1814 that a landowner was enabled to make enclosures, fences, drains, etc., very much cheaper in consequence of the rise in the price of food. The reference is to the years 1812 and 1813, in which the average

prices of wheat were 126s. 6d. and 109s. 9d. respectively—that is, famine prices. We are told that the bailiff contracted for some very large ditches at 6d. an ell, and the evidence concludes that he could not now do that for two or three times the price on account of the fall in provisions. The simple truth is, that in the Corn Law period the price of bread was the principal factor according to which the material comfort of the labouring classes varied, and that, so far as the corn laws either on the average or at certain seasons raised prices, so far they pressed most heavily on the working classes.

In the same way, also, when we are considering the effects of the repeal, it is not right to minimise the results by simply showing, as I have taken pains to do, that the average price of wheat was not much affected for a generation. The question we ought to put by way of supplement is:

What would have been the probable range of prices if the Corn Laws had not been repealed? Time will not permit me to argue the question at length, but, to say the least, it seems probable that, but for the repeal, the average would have gradually come nearer and nearer to the limit fixed for free importation; or in other words, that the price would have risen to the full extent of the duty until the high limit was reached at which in the interest of the consumer the duty ceased. As the country began to rely more and more on foreign food supplies, the price in England would tend to differ from the average of the world's market by the extent of the duty. Or, without pressing this argument to the full extent which theory seems to justify, we may safely say that but for the repeal the average of corn prices would have been much higher than was actually the case. And that is the

only true mode of reckoning the effects of the repeal on the consumer.

No doubt a moderate fixed duty might have been retained with less injurious effects than if the duties had remained at their former high level; and no doubt, also, as the rate of money wages rose the burden would be less felt. But we are always left with two evil effects, at least: a protective duty on corn is a wasteful mode of raising revenue, and it presses most severely on those who are least able to bear it. And although the average rate of money wages has risen greatly in the course of the nineteenth century, there are always some of the very poorest who will suffer from variations in the price of bread. And, as will be shown later on, we have to look on the Corn Laws as part of a system. The abandonment of the Corn Laws prepared the way for the

reduction or remission of a multitude of protective duties, the cumulative burden of which on the consumer was very great. It is a mistake to suppose that free trade was definitely established at one blow in 1846, but it is none the less true that the repeal of the Corn Laws rendered possible the great financial reforms that followed, and the consumer benefited indirectly as well as directly by the repeal.



The first of these is the
 fact that the system is
 not self-sufficient. It
 is dependent on the
 outside world for
 many of its needs.
 This is a serious
 weakness of the
 system. It is not
 a true system of
 self-sufficiency.
 The second is the
 fact that the system
 is not flexible. It
 is rigid and inflexible.
 It cannot adapt to
 changing conditions.
 This is another
 serious weakness of
 the system. It is not
 a true system of
 self-sufficiency.

CHAPTER II

THE INTERESTS OF PRODUCERS

WHEN we pass from the interests of the consumer to the interests of the producer the history of the Corn Laws becomes necessarily more complex. The reason is, that when we speak of the producer of corn, we have to consider at least three classes who are interested in the production of corn—namely, the landlord, the farmer, and the labourer. And although to some extent these interests coincide, the actual history shows that the harmony is by no means necessary or general. It may conduce to clearness if I consider these three great agricultural interests separately, and first the landlord, or rather the owner of the land.

The change in the view of the economic functions of the owner of land is one of the most remarkable in the history of the policy of the Corn Laws. In the mediæval period, speaking broadly, the agricultural unit was the manor, and in the typical manor the interests of the lord of the manor were paramount. No doubt the servile tenants had certain customary rights, which, as a rule, however, could only be enforced in the courts of the manor. It was mainly because it was found to be to the economic interests of the lord of the manor that the servile conditions of tenancy were gradually ameliorated. The relaxation in the powers of the lord of the manor is the main strand in the progress of the agricultural population in the mediæval period, and the bulk of the people were directly interested in agriculture.

At the time of the Black Death in

1349-50, the commutation of labour and produce rents into money payments had already made great progress, and the villeins were on the high road to becoming peasant proprietors or tenant farmers, if we take the nearest modern equivalents. This natural progress towards freedom was checked by the rise in wages consequent on the Black Death; but this again, also, in the end increased the movement towards freedom by compelling the great landowners to let much of their land on a kind of *metayer* system, the landowner letting out the capital and stock as well as the land. During the fourteenth century, then, as well as the great landowners, there were also a large number of freeholders and copyholders interested in the price of corn.

At this time the efforts of Parliament were directed to the freedom of export of corn, and especially to the curbing of the

royal power as regards licences. Freedom of export meant the getting rid of the surplus of good harvests without a ruinous fall in prices.¹ It was probably more the small yeoman than the great landholders who at this time pressed for freedom of export, *i.e.*, in the interest of producers, as the large owners had already begun to take to stock-raising, especially sheep. The conflict between pasture and arable—or sheep and men—must, however, be taken up separately. In the meantime, it is to be recalled that even at this early stage restriction of imports was also resorted to, and in 1463 wheat could not be imported if the price was below 6s. 8d. per quarter, and proportional figures for rye and barley, that is practically not at all in ordinary years. We may say that this year, 1463, marks the adoption of the principle of the

¹ Naudé, *op. cit.*, 78.

Corn Laws that persisted with more or less force till 1846—namely, that the producer should be assured a minimum price for his corn; what the mediæval man called a “just” price, and the modern calls a fair remunerative price. A full analysis of these ideas would require an elaborate treatise.

In the Tudor period there was a reaction to the policy of the earlier mediæval period, both as regards the use of the royal licences for export and the promotion of the interests of the consumer; and for the purpose of *encouraging* imports, treaties were made with foreign states.

In the Tudor period the interests of producers of corn were adversely affected by an economic revolution which no regulations as regards exports and imports could have counteracted to any extent. This was the adoption on a large scale of the system of

enclosures and the substitution of sheep-farming for corn-growing. For the present purpose it is only necessary to point out that great landowners strained their legal rights over the ill-defined and ill-protected rights of the smaller tenants and holders, and there was a great displacement of the rural population. The contraction of corn-growing and the extension of sheep-farming was viewed with alarm by the public in general, by statesmen, and by the Crown. Technical law was the only political force on the side of the great landowners, and attempts were made to check the abuses of the spread of sheep-farming by new and direct legislation.

The object of these various measures was to compel the landowners again to build up the cottages of the labourers and tenants, and to convert the sheep farms into arable, and thus to prevent the further extension of the depopulation. This direct effort to

encourage corn-growing, in the interest of the small owners and tenants and labourers, was a recognition at a very early date of the principle that maximum net rental is not a sure test of maximum public interest.

It seems probable, however, that this effort of the Legislature to force the production of corn as against sheep had a very limited success, and the progress of the substitution was stayed by the end of the Tudor period, much more by natural economic causes than by the well-meaning interferences on the part of the law. It is specially noteworthy that the encouragement of sheep-farming was associated with the growth of the cloth manufacture, and that, again, with the growth of the towns. This increase of the urban population again reacted on agriculture, and the natural demand for corn encouraged its production. Conversely, if wool had been really checked in

favour of corn, manufactures would have been checked.

With this mitigation in the conflict of interests between the landlord and the public (as represented by the great mass of the rural population), we find the opinion coming to be strongly entertained that the rent of land (without any particular differentiation of origin) is the best sign of national prosperity. And this doctrine prevailed—at any rate, in economic theory—till the time of Adam Smith, and survived as a political force much longer. Nor was the opinion only held by those who were interested in the rent of land;¹ it was rather an anticipation of the central doctrine of the Physiocrats that the rent of land was the only real surplus or net product. It was only a step to the

¹ “An infallible sign of your decay of wealth is the falling of rents, and the raising of them would be worth the nation’s care.”—*John Locke*. Cunningham, Vol. II., pp. 380, 381, 387.

political maxim that anything which raised rents was an advantage, not only to the landowners, but also to the nation at large. Thus, when the bounty on export was granted in 1689, although no doubt in the interest of the landowners, it was defended also on the general ground that anything that benefited the landed interest benefited the country, and not merely, as already explained, through making the supplies of corn more abundant and cheaper, but simply by increasing the net product. In our own times this doctrine has had a certain recrudescence, and attention is directed, as by Mr. Palgrave, to the loss to the nation through the recent fall in rents.

In the same way, the raising the limit of the free importation of corn, which was associated with the bounty, was defended on grounds of public policy. From 1697

to 1765,¹ the *total* of corn exported was a little over 33 millions of quarters, and the total amount of bounty paid was just over six million pounds. The total amount of import of corn, as already observed, in the same period was only $1\frac{1}{2}$ million quarters. It is clear from these figures that during this period the import of grain was of very little importance, and the import was small simply because, on the average, the country had a surplus for export mainly owing to the run of good seasons. The export, on the other hand, was considerable; in some years amounting to one in eight of the total amount consumed.² It can hardly be doubted that the export was stimulated by the bounty, and, but for the bounty, less land would have been devoted to corn, and rents in the aggregate would have fallen. But at the same time, as already pointed

¹ Naudé, p. 115.

² *Ibid.*, p. 116.

out, the average of prices in this period was not high. Indeed, complaints are frequent that not only was the landed interest being ruined, but that, owing to the cheapness of food, the working-classes would not work to the extent required for the development of manufactures. Here we have the counterpart to the modern idea of the "economy of high wages."

As already observed, up to 1765 the import of corn had not been of much importance; and the real cause was the cheapness and abundance of the home supplies. It is true, that by 22 Charles II. (1670) the import of wheat was subject to a duty of 16s. the quarter if the price did not exceed 53s. 4d. the quarter; and the duty was 8s. until the price rose to 80s., and there were similar duties on the import of other kinds of grain and substitutes. These rates, increased by additions of various

kinds to 22s. and 17s. respectively, were in force up to 1773.¹ But, as Adam Smith points out, during the whole period, except in years of great scarcity, which were infrequent, the first of these prices, 53s. 4d., was never reached, and the 80s. limit was never reached at all. In years of scarcity, also, the duties were invariably suspended, so that it may be said that the duties on import up to 1773 were practically inoperative, though nominally prohibitive. They were, however, necessary to keep up the bounty. If grain could have been imported when the price was below 48s., it could have been re-exported and obtained the bounty. It is an example of the mode in which one duty or regulation leads to others. The rise of prices that took place in 1766 led to the usual suspension of the duties, and it came to be thought

¹ Customs Blue-Book, p. 231.

desirable to fix a lower limit for free import. Accordingly, in 1773 foreign wheat was allowed to be imported when the home wheat was above 48s., at a nominal duty of 6d. a qr. This new limit was much above the average of the prices that had ruled during the century. Compared with the subsequent statutes, this Act seems to be altogether in favour of the consumer, but probably it was passed under the impression that there would be very little import except in years of scarcity; and the nominal duty would take the place of temporary suspension.

But under the influence of bad seasons, and of the industrial revolution, the price of corn naturally rose, and the country, instead of being mainly an exporter, began to be on balance an importer.

The landed interest naturally began to fear that free imports would keep their

rents from rising, and in 1791 the limit for import at the nominal duty of 6d. was raised to 54s. This may be considered as the beginning of the conflict between landlord and consumer that was afterwards so intensified.

Under the influence of bad seasons, on the average, and of the great war, prices rose, and with the rise of prices due to these natural economic causes there was a rise also in the limit of free import, or, what is the same thing, in the idea of a fair or remunerative price.¹

We have now to consider the effects of these restrictions on importation on agricultural rents. And here, as in the case of the consumer already examined, it is necessary to separate the influence of the Corn Laws or the protective duties from the other influences that tended to raise rents. In the first place, it seems clear that rents

¹ The leading stages were described in the first chapter.

would be mainly affected by the restrictions through their effect on prices. If, however, we accept the reasoned opinion of Tooke—namely, that the Corn Laws had practically no effect on prices up to 1815—then so far they could have no effect on rents. But the rise in rents, as shown by Porter, was greatest in the first years of the nineteenth century, although the rise had begun in the last quarter of the eighteenth century. In brief, the rise in rents was greatest at the time when, so far as prices are concerned, the restrictions were inoperative. The rise in rents was undoubtedly remarkable, and had remarkable effects. I quote one or two examples from Porter.¹ In the county of Essex, farms let before the great French Revolutionary War at 10s. an acre, were let in 1812 at from 45s. to 50s. an acre. In Berkshire

¹ Porter, *op. cit.*, p. 151.

and Wiltshire instances are given also of a *fivefold* rise. The point of importance, however, for the present purpose is that this enormous rise could only be attributed to the Corn Laws, if the Corn Laws had effectively been the principal cause of the rise in prices, instead of being inoperative in this direction up to that time. The causes of the rise in prices have already been noted as affecting the consumer, and need here only be briefly recalled. First and foremost was the course of the seasons, which operated in general in the same way over Northern Europe; and in times of scarcity exports from France and the Baltic were restrained. Next there was the great war, with the rise in freight and insurance, and thus, whilst in any case the supply could not be greatly increased by imports, there was an increase of demand through the increase of population and

manufactures. There was also the influence of general currency causes, such as the alleged depreciation of gold, and the certain depreciation of the notes of the Bank of England in the later years under review. It is enough to notice¹ that the Bank Restriction began in 1797, and that up to 1808 the premium on gold had not risen over £2 13s. 2d. per cent.

But the price of corn is only one of the factors that determine the rental of corn-land. This is the period in which we have the extension of the margin of cultivation by resort to inferior land and to more expensive methods of cultivation; and, in short, in this period we have the standing example of the law of diminishing return and the Ricardian theory of rent. One more cause may be indicated of the rise in rental on the average, and that is the

¹ Porter, p. 429.

effect of improved methods of cultivation in the widest sense of the term. On this part of the ground, however, we must tread delicately, for the effect of improvements on rents is one of the parts of economic theory that is full of pitfalls. The broad principle is that improvements *may* lower rents if through abundance of produce they lower prices, but if the prices owing to other causes are not lowered, then a greater produce can pay a greater rent.

In brief, then, the rise in rents was not due up to 1815 to the Corn Laws, but to other true causes. On the conclusion of the war, the landowners naturally feared a fall in prices and a fall in rents, and the Act of 1815, which prohibited the import of foreign corn when the home price was below 80s. (*i.e.* wheat), was largely due to the fear of a fall in rents. It was no doubt honestly believed by the landed classes that a fall

in rent would be ruinous to the country, although this view was perhaps rendered clearer to their vision by the fact that they had increased their style of living, and also burdened their lands with settlements.

From this time onwards the restrictions of imports, when effective, and so far as effective, raised prices to some extent above the average that otherwise would have been attained, and the interest of the landlord was pitted against the interest of the consumer. But the effect of the Corn Laws on rents must not be exaggerated. In the first place, the immense rise in rents achieved before 1815 was not maintained, although Porter calculates that on the average the rental of arable land per acre was doubled between 1790 and 1846, and conversely the repeal of the Corn Laws did not for a long time have an adverse effect on rents.

There was one mode in which the Corn

Law may have increased rents indirectly, and that is by increasing the fluctuations in prices. Farming became so far more speculative, and more than the true, fair, or natural economic rent may have been offered by the farmers.

The effect of the Corn Laws on the tenant farmer will be taken up presently. In the meantime, one other minor result may be noticed. The rise in rents naturally led to the absorption of the smaller owners by the larger, and also encouraged enclosures. But here, again, how far this result can be attributed to the Corn Laws depends on their effects on prices and rents. Wemay say, however, that the protective duties did not suffice to protect the small holdings from absorption by the larger.

We come now to the effects of the Corn Laws on the ordinary tenant farmers; and, to begin with, before dealing with the

import duties, we may revert to the laws intended to prevent speculation and to regulate dealing in corn. The main object was to protect the consumer against the monopoly of the dealer. By a law passed under Edward VI.,¹ it was enacted that whoever should buy any corn or grain with intent to sell it again should be reputed an unlawful engrosser; and extreme penalties were enacted for the offence, culminating in pillory, imprisonment during the King's pleasure, and the forfeiture of all the offender's goods and chattels. And, as Adam Smith observes, the ancient policy of Europe in most cases was no better than that of England. The idea, as Adam Smith explains, was that the people would buy their corn cheaper from the farmer than from the corn dealer even in the ordinary course of business; and besides, there was

¹ 5 and 6 Ed. VI.

the dread of monopoly and the wickedness of the speculator in times of natural scarcity.

The effect of the laws regulating ordinary dealing was, as Adam Smith maintains, to make the farmer carry on himself the trade of a dealer in corn, and it is easy to show that this was bad economy. The trade in corn required a certain amount of capital, and involved a certain amount of labour and business power. The farmer was obliged to turn some of his capital and some of his energies into the corn trade, and thus had less to use for the direct cultivation of the land, and, as regards the business capacity required, the restriction was against the principle of division of labour and specialisation. The general effect of these restrictions was not only, as already shown, to raise the average price to the consumer, but to lessen the effective employment of the capital of the farmer, and

in that way to give him a less return. The supply of corn being subject to great fluctuations with the seasons, the farmer had to choose between selling at very low prices in times of abundance direct to the consumers, and alternatively storing the grain himself. But this storing of grain was not only hazardous, but involved the locking up of capital which might be better employed on the land. Then, as regards the skill required, the particular farmer could not expect to form such an accurate idea of the probable course of the markets as a trained dealer.

There can be no doubt of the truth of Adam Smith's reasoning, and as in general was the case, his reasoning was supported by history and experience. There was a gradual relaxation in the laws restricting dealings in corn, and for the most part they were repealed by the statute of 1772. The

preamble to this statute might have been written by Adam Smith himself, though in fact preceding the publication of the "Wealth of Nations" by four years: "Whereas it has been found by experience that the restraints laid by several statutes upon the dealing in corn, flour, meal, cattle, and other sundry sort of victuals, by *preventing a free trade* in the said commodities, have a tendency to discourage the growth and to enhance the price of the same," and so on. The old statutes were repealed, although still the common law recognised forestalling and engrossing as offences.

The persistence of the old ideas of the evil power of the corn dealer is shown in the speeches and the discussions on the Bill introduced in 1856 for the improvement in the agricultural statistics issued by the Government. A critical summary of the arguments advanced is given by Tooke in

the "History of Prices."¹ It was evidently supposed that the large corn dealer had an unfair advantage over the small farmer, and in effect could induce him to sell at lower prices than were fair. It was argued that the Government, by the aid of its official statistics, could warn the small farmer of the course of prices for the coming year, and thus prevent him selling his grain under unfavourable conditions. The method proposed to protect the small farmer shows a great advance on the ideas of the older statutes, and no one could object, least of all the writer of a great work on the history of prices, to the extension and the improvement of Government statistics. But the point of Tooke's criticism is that the various speakers did not properly appreciate the functions of the ordinary dealer in corn. They confounded

¹ Vol. V., p. 133 *seq.*

ordinary dealing with extraordinary speculation, and they over-estimated altogether the bargaining power of the dealer compared with the ordinary farmer. No Government official could possibly foretell the run of prices, and the farmer would receive no *special* benefit—that is, as compared with the dealers—since already all the essential facts relating to the corn trade were published, commented on, and open to dealers and farmers alike. The more, and the more accurate, the information, so much the better for every one concerned in the ordinary way of business, but the farmer in particular did not need special official information to protect him from the machinations of the dealer.

An interesting fact is incidentally mentioned by Adam Smith which shows the importance to the farmer of the speculator in corn. He states that the corn merchant

was generally in contract with some farmers to furnish him for a certain number of years with a certain quantity of corn at a certain price. This contract price was settled according to what was supposed to be moderate and reasonable—that is (on Adam Smith's interpretation), the ordinary or average price. The custom seems to have been abandoned under the great revolution in corn prices that occurred after Adam Smith wrote.

In our own day the notion still prevails that not only the consumer but the farmer is injured by the speculations of the corn dealer.¹ The advance, however, in public opinion is shown by the distinction that now is universally recognised between the legitimate trade in corn, including legitimate speculation, and the artificial rigging

¹ This is a leading idea in the realistic romances of Frank Norris—the "Pit" and the "Octopus."

of markets and attempts at corners. The natural economic effect of *bonâ-fide* speculation in corn, as in other things, is to steady prices. And as a general rule, it is better for the farmer that this function should be performed by the dealer. Similar arguments apply to the producers of all kinds of raw produce, *e.g.*, cotton.

The consideration of the steadiness of prices, or rather comparative steadiness, due to the action of the middlemen, naturally leads to the effects of the other Corn Laws from this point of view (*i.e.*, steadiness of price) on the interests of the farmers. One advantage claimed for the bounty was that by relieving the market in times of abundance, and by being withdrawn in times of scarcity, the range of fluctuations in prices was lessened. So far as this was the case the bounty was of advantage to the farmer. It gave him

greater security, and in good years kept prices above the unremunerative level. If, as Adam Smith contended, the bounty raised prices on the average, which in itself is open to question, no doubt the extra gain would have been absorbed by the landowner. And again, it may be supposed that of the bounty actually paid on export (some five million pounds from 1697 to 1765) a part went to the owners of land in increased rents. Some, no doubt, was absorbed by the speculators, but it is hardly probable that any part, on the average, went to the tenant farmer. If the farmer gained at all, it was by the greater steadiness of the prices.

And by way of contrast, this brings into prominence the principal effect of the restraints on imports (so far as operative) from 1773 to 1846 on the interest of the farmers. One striking characteristic of this

period of extreme agricultural protection—about which more will be said in the concluding chapter—is the constant complaints of agricultural distress. The subject is brought before committee after committee, and it used to be a favourite argument with free traders that the greater the protection the greater was the distress complained of, and that the more protection was granted the more was asked for. Some of the distressed witnesses maintained that 120s. a qr. was the natural remunerative price for wheat, but they must surely have been the farmers well beyond the margin of cultivation.

As already explained, the great rise in prices in the first part of the nineteenth century was only to a small extent to be ascribed to the actually existing Corn Laws. Prices were naturally high—that is, apart from the Corn Laws, and in years of scarcity

there were considerable imports, in spite of the high duties, simply because the limit of free import had been passed, and foreign restrictions (*e.g.*, by France) were not altogether effective.¹ But for the imports prices would have been still higher, and imports were not, in fact, checked by the existing Corn Laws.² For example, in 1810, wheat, in the first week of August, rose to 116s. a qr. But at that time, by the Act of 1804, wheat could be imported at a nominal duty when the price was above 66s. per qr., so that there was 50s. of margin. The real hindrances to imports are to be found in foreign restraints on exports, and in the high charges for freight, insurance, licences for navigation, etc., which were all greatly enhanced by the war, and

¹ Wheat was imported from France even when the two countries were at war.

² Tooke, Vol. I., p. 295.

amounted, in the aggregate, to 30s. to 50s. a qr. on wheat.

During this whole period, however, to some extent, the Corn Laws did increase the fluctuations in prices. And that effect was more marked after 1815. When there were so many influences which tended to bring about fluctuations in the price of corn—*e.g.*, the seasons, wars, and rumours of wars, obstructions to transport, etc.—it is impossible to assign the precise degree of influence of the Corn Laws, and it may be better to indicate the principles applicable to the case.

Take, first, the simple case of effective prohibition of imports, unless the price has reached a certain limit. It is clear that, on a small deficiency in the home supply, prices tend to rush up to the limit of free importation. Then, again, as regards the lower limit, for a long period

exportation was not permitted until the price had fallen to a certain point, and when it reached that point it was stimulated by a bounty. The natural consequence was, that before the home market could be relieved—that is, from the point of view of the producers—prices must fall to this limit of export. Thus there were rapid fluctuations between extremes.¹

¹ The effect of the two sets of regulations was to make the price fluctuate rapidly, according to the supplies of each year between high and low prices, or the limits for import and export respectively. Those who framed the Corn Laws of 1804 and 1815 supposed that the price could be kept up to the higher limit, simply by the prevention of importation until that limit was reached, and they thought that a steady remunerative price could be secured simply by the regulation of imports. By the Act of 1804, the bounty was retained at 5s., and only came into effect as before, when the price had fallen to 48s. With the range of prices then dominant, this part of the system was not only inoperative, but it probably seemed impossible that the price would ever again fall to the export limit. Logically, the landed interest, or those who wished to maintain a steady remunerative price, ought, as is well argued by Tooke (Vol. III., p. 44 *seq.*), to have increased the bounty, and to have fixed the limit of exportation to obtain the

In the same way the introduction of a sliding scale of duties and of the system of graduation was intended to lessen fluctuations, but in reality increased them.¹ The argument can only be presented in its full force when taken with reference to the actual figures of the duties adopted and the conditions of the corn trade at the time. This part of the case has been bounty, and also the bounty at a *higher* rate, *e.g.*, to have made the bounty, say 12s., and the export price for the bounty, say 60s. Instead of this, the regulation of exports was abandoned in the Act of 1815. The point of most general interest is that when the professed object of the Corn Laws was to maintain remunerative prices and to prevent fluctuations, the legislative measures actually adopted were not such as to secure this end. The wrong means were chosen. If the old policy of the bounty had been maintained, with alterations according to circumstances, there would have been less severe fluctuations, and the average range of prices would have been higher. Of course, it was an advantage to the consumer that the average was not raised; but that was not the only idea of the legislators of the time—they aimed at steadiness, and they increased fluctuations.

¹ Tooke, Vol. III, p. 31, etc.

thoroughly investigated by Tooke, and he came to the conclusion that the sliding scale greatly aggravated the fluctuations naturally due to the course of the seasons; and his argument is illustrated and confirmed by reference to the history of prices.

So far, attention has been directed to the mere fact of the fluctuations. We must now look at some of the ulterior effects on producers, especially the tenant farmers. There was a constant tendency to adjust the amount of land under grain to the movements in prices. The man on the margin had a very bad time. Under the stimulus of high prices inferior land was cultivated, and capital was sunk in the improvement of arable land. The increase of supply that was possible in good seasons led to a fall in prices that was to the producer ruinously low. Again, the high prices induced farmers to offer

higher rents than the land would bear, and by a year or two of low prices they were ruined. Farming became a highly speculative business, and, as usual, the speculator over-estimated his chances of success.

Even in this case, however, there were for the time compensations. The stimulus given to improvements, and the extension of cultivation, as by the increase of enclosures, enabled the country, on the average, to raise a greater amount of corn than would otherwise have been the case. Despite the restrictions on imports, there is no doubt that the average prices of corn were comparatively reasonable during the dozen years ending with 1845. This was largely the consequence of the improvement of agriculture by the application of a better system of drainage, etc. The position is brought out very clearly by Porter. But here, again, it is not correct to ascribe the whole or

indeed the greater part of the improvements to the rise in prices consequent on the Corn Laws. 'M'Culloch' points out that from 1771 to 1791, when the greatest effect of the enclosures was felt, there was no rise in prices. And similarly of other improvements, the stimulus of the Corn Laws was only at the best one influence, and in many cases not the most important. It was supposed by the defenders of the Corn Laws that agriculture would be ruined by the repeal, but, as is well known, up to the famous year 1872 agriculture flourished. Even in corn, the fall in prices was not nearly so great, nor so speedy, as was expected, and there were compensations in the encouragement indirectly given to other kinds of produce.

There remains to notice the influence of the Corn Laws on the agricultural labourer.

¹ *Op. cit.*, p. 513.

The general result is plain and notorious. At the time when rents had risen in some cases five-fold, and on the average had been more than doubled, the real wages of labour had fallen. I will quote one or two pregnant sentences from Porter: "The mere labourer,¹ he who had nothing to bring to market but his limbs and his sinews, did not participate in this partial compensation for high prices." Again: "If we contrast the weekly wage at the two periods of 1790 and 1800 of husbandry-labourers and skilled artisans, measuring them both by the quantity of wheat which they could command, it will be seen that the former could in 1790 purchase 82 pints of wheat, and in 1800 could procure no more than 53 pints, while for the skilled artisan the figures were 169 pints in 1790,

¹The gradual abandonment in the nineteenth century of the old term, "the *mere* labourer," is very instructive.

and 83 pints in 1800." The conclusion seems not overstrained when he says: "To talk of the prosperous state of the country under such a condition of things involves a palpable contradiction. It would be more correct to liken the situation of the community to that of the inhabitants of a town subjected to a general conflagration in which some became suddenly enriched by carrying off the valuables, while the mass were involved in ruin and destitution."

It is true, as already shown, that this evil condition was not due entirely to the Corn Laws, nor at this time even mainly, but the point is of present importance that there may be a great rise in rents without any increase of prosperity as regards labour.

The subject is so important that it seems necessary to quote some representative figures in detail. Accurate statistics of agricultural wages from 1800 to 1846 are not obtainable,

but some significant facts and figures are quoted in the Report¹ by Mr. Wilson Fox (published in 1900). A return is given by a working farmer on a farm in Essex of 100 acres whose family had occupied the freehold during the whole century. In 1800 the rate of weekly wages paid was 10s.; it rose to 12s. in 1802 and so remained till 1812, when the rate rose to 15s., the highest rate paid down to 1899. On this farm wages oscillated between 1835 and 1846 between 9s. and 11s., the average being 10s. 2d. a week. From 1847 to 1852 the average was only 9s. 2d. per week. From 1853 to 1862 the rate was on the average 11s. 5d., and this was the average also from 1890 to 1899, the last ten years given. In Somerset the rate from 1846 to 1849 was only 7s., and fell in 1850 to 6s. In a return from Herefordshire it appears that from 1819 to 1853 the rate fluctuated between

¹ Cd. 346.

8s. and 10s., the latter figure being reached only in five years out of the thirty-five. Taking the average for England and Wales, the rate was 9s. 2d. from 1850 to 1852; up to 1871 it never exceeded 12s. 1d.; and from that date to 1899 never exceeded 13s. 8½d. Up to 1834 in the century, the wages were supplemented by the allowance system, and of course there were always some elements of real wages in the form of perquisites or extra earnings. Mr. Bowley, in his admirable work on *Wages in the Nineteenth Century*, gives a table for Sussex extending from 1767 to 1892. Summarising the results for this county (with the basis of 8s. 6d. to begin with in 1770) he finds that "money wages (*i.e.*, in Sussex) increased between 1770 and the height of the war in 1813 about 50 per cent., that they then fell about 30 per cent. back to the level of 1793, and then rose slowly to

their former maximum, that of 1813, in the seventies,¹ since which they have fallen, but not far."

If, then, we take a general survey of money wages in agriculture, we are struck by the comparative stability. From 1767 to 1827 (*i.e.*, sixty years), if we omit the maximum point in 1813, wages vary between 8s. and 10s., and for the next seventy-five years (1827-1902) they vary between 11s. and 13s. 6d.

The figures would furnish a text for a long economic treatise, but for the present, only one point needs emphasis. It is plain that with this comparative stability of nominal wages the price of wheat must be a dominant element in real wages. If the price was very high the labourer must be driven to cheaper substitutes or to poor relief, and conversely every fall in price meant a rise in real wages.

¹ Bowley, pp. 39, 40.

Thus, in the maximum year of 1813, the wages would only purchase four pecks of wheat, which indicates a minimum of real wages, whilst in 1885 the same nominal maximum of 13s. 6d. corresponds to thirteen pecks, an increase of more than three-fold.

It comes out very clearly that over this period of 135 years, the agricultural labourer was interested in the price of corn not as a producer but as a consumer. With a rise of prices real wages, instead of responding, generally fell.¹

¹ The discovery of this fact had great influence on Sir Robert Peel. See *Life* by C. S. Parker, Vol. III., p. 600. —Appendix by the Hon. G. Peel.

CHAPTER III

THE INTERESTS OF PUBLIC POLICY

WE have considered the effects of the Corn Laws from the point of view of the consumer, and from that of the various classes of producers, the landlord, the tenant, and the labourer. It is now necessary to give some account of the broader principles of public policy that were involved at different times. Such a survey of principles is requisite to get rid of the idea that the history of the Corn Laws is simply the history of a conflict of class interests, culminating at the repeal with the victory of the consumer, and in particular of the labouring poor over the landowner. The complexity of the

subject may be illustrated by reference to another example. Soon after the repeal of the Corn Laws a financial controversy raged over the income tax. In 1851 we are told that the order book of the House of Commons was loaded with motions about the income tax, and an important committee sat to consider all the questions involved with the view of making an equitable readjustment of the burdens. They could not even frame a report. And the real reason was that the discussion all through this period descended, not only to the first principles of taxation, but, as Mr. Gladstone said, almost to the first principles of civilised society itself.¹ Gladstone occupied more than half of his great Budget speech of 1853 (which lasted nearly five hours) in dealing with the income tax. If, however, the treatment of the income tax involves first principles and

¹ Morley's "Gladstone," Vol. I., p. 459.

a wide survey, in the case of the Corn Laws such a broad survey is still more necessary. The earliest Corn Laws involved in the first place questions of morality. The old Corn Laws in restraint of dealing and speculation were in many ways analogous to the laws against lending money at interest or usury. To make a gain out of barren money seemed unnatural and immoral, and similarly also, to make a gain merely by holding corn for a time to sell again at a profit was immoral.¹ Again, the money-lender was supposed to have the borrower at his mercy; the money was generally required for purposes of necessity. Similarly the buyer of corn was the buyer of a necessary, and naturally at the mercy of the seller. Just as it took centuries of thought and of experimental legislation and practice to separate legitimate interest

¹ Cunningham, *op. cit.*, Vol. II., p. 93.

from unjust usury, so also it took centuries to get rid of the odium attached to the trade of a corn dealer. In the reign of Edward VI. the kidder or carrier of corn required to obtain a licence as a man of probity and fair dealing, and the authority of three justices was necessary to grant the licence. But even this restraint was thought insufficient, and by a statute of Elizabeth the privilege of granting it was confined to quarter sessions.* Even in Adam Smith's time he reports that the popular odium attached to the corn trade in times of scarcity — the only times in which a profit could be made—rendered people of character and fortune averse to enter it, and that it was abandoned to an inferior set of dealers. On the same grounds the legislator interfered to protect the consumer against the wiles of the baker, and

* Adam Smith (M'Culloch's edition), p. 235.

by the assizes of bread his just profit was fixed.

It was not till the nineteenth century that these restraints on speculation and the regulation of the prices of bread were abandoned. We have retained, however, and greatly strengthened the laws intended to protect the consumer against inferior quality and unjust weight. No one in this case would argue that because we have adopted *laissez faire* in prices we ought logically to adopt *laissez faire* as regards adulteration and false weights.

The early regulations affecting the export of corn are chiefly of interest to us because they throw light on a constitutional struggle for centuries. The King claimed to exercise the power of granting licences for export, and Parliament tried to restrain the right. The relative powers of King and Parliament are shown by the variations in the

licensing power. Edward III. resisted with success the attempts of the Commons to restrain his power. With the declining power of the Crown the export trade was regulated more by statute than by royal licence; but under the Tudors again, with an increase of the power of the Crown, there was an increase in the resort to licences. Elizabeth exercised the right of restricting export, by order in council. Charles I. attempted, as in other instances, to use the power of the Crown, and added one more to the subsidiary causes of the civil war.

This last instance, however, is a warning not to generalise to the position that the licensing power of the Crown was always used in its own interest, and that of the Commons in the interest of the poor. It is true that the Crown derived a revenue from the licences, but for all that the power was under the ablest monarchs exercised in the interest

of the public. In the reign of Elizabeth the legislation effected in Parliament was mainly in the interests of the *producer*, and therefore facilitated export, and the Queen and the Privy Council restricted this power of export in times of scarcity to secure a good supply for the poor. Charles I. made the revenue his chief concern—though in justice it should be remembered the needs of the State were great—and his action was considered unconstitutional. The power of the Crown in restraining exports was often used for political purposes against foreign states by way of retaliation, or with a view to weaken their resources.¹ Even in the nineteenth century the power of the King in council was used to suspend the laws regulating imports, though an indemnity was after obtained from Parliament. In 1845 Peel for a time favoured the proposal

¹ See Cunningham, *op. cit.*, Vol. II., p. 89.

of suspending the Corn Laws by an order in council, but later came to the conclusion that suspension would involve repeal. "Once remitted they will never be re-established."¹

The constitutional point involved has again become of interest in our own times, though not specially in connection with corn. The revived discussion has, however, only established more firmly the principle that taxes ought only to be imposed, for any purpose, by Parliament.

We may next consider the Corn Laws from the point of view of the public revenue; and it appears that the yield of revenue was always of secondary importance. Up to nearly the end of the eighteenth century the country was on balance (on the average) an exporting country, and from 1689 the export of corn had been

¹ Life, Vol. III., chap. viii., p. 226.

encouraged by a bounty. The figures already given on the value of exports and imports during the eighteenth century show that the public revenue must have suffered a loss on the whole. With the nineteenth century the imports began to increase, and with the exception of one year, when corn was exported, mainly in connection with military operations, the country became and remained on balance an importing country. In the first twenty years of the century, although on occasions (1801, 1810, 1817, and 1818) there were relatively large imports, and the range of duties seemed very high, there was practically no yield of revenue, simply because after corn had reached a certain point there was only a nominal duty. The duties were, in fact, devised not for revenue but for protection. During the next twenty-five years (1820-1845) the average imports increased, and with the

system of graduated duties in force, corn was often imported which yielded a revenue. For the six years, 1840-1845, the average amount of the Customs revenue received from corn was about a million pounds a year. (See Customs Blue-Book, p. 259.)

At the time of the repeal in 1846, the yield of revenue had certainly become of importance; and besides this, the principle had begun to be recognised that the yield of revenue might be increased by lowering the rate of duty. No doubt a moderate duty on corn would have yielded a considerable revenue. No more, however, was retained than the registration duty of 1s. a qr.—which was also abandoned in 1869. This sacrifice of revenue has been criticised, and it has been maintained that a moderate fixed duty might have been retained with advantage to the revenue and without any serious burden on the public—or, in other words, that the

total repeal of the corn duties was inexpedient. The duty on corn at the rate of 1s. per qr. on wheat, recently imposed as a war tax, yielded in its last year over two million pounds.

But the corn duties cannot be looked at simply from the point of view of their yield to the revenue. Besides what they gave to the Treasury, we must consider what they took from the people. Without going into the niceties of the incidence of the duties, it may be taken for proved that when the imports were considerable, and the duties high, there was also a considerable rise in price to the consumer. Not only the imported corn, but all the corn grown at home, rose in price. It is impossible to give any accurate estimate of the rise in price due to the Corn Laws; but M'Culloch estimates, for the purpose of his argument, that for the half-dozen years

preceding the repeal, the price of all kinds of grain rose on the average 6s. a qr., and, of course, the price of wheat alone would have risen more.

Suppose, then, that wheat rose 10s. a qr., when the average duty paid was 20s., and suppose that, according to the usual estimate, wheat was consumed in the country at the rate of 1 qr. per head of population. This would mean that two million qrs. of foreign wheat paid about two million pounds sterling of duty, and that about seventeen millions of home-grown wheat paid no duty, but, in consequence of the duty, taxed the people eight and a half million pounds by the rise in price.

This was one of the most effective popular arguments for the repeal of the Corn Laws. It was also generally argued that the whole of this sum, taken from the pockets of the people, went into the

pockets of the landlords, and that there were no compensating advantages. This view is no doubt exaggerated. M'Culloch, who found it desirable to correct the over-emphasis of his first edition in the last, estimates that of this loss to the consumer, calculated in this way, perhaps a fifth to a fourth went to the landlords.¹

It is now generally admitted that differential duties, as such, are a wasteful and inequitable means of raising revenue. In fact, their main object is not revenue, but the promotion of some other social end. And that was the case of the old corn duties.

With this observation, we may now return to the other objects which the Corn Laws were intended to advance. The yield of revenue up to the time of the repeal was not the primary object, and in general

¹ *Op. cit.*, p. 524.

was disregarded, though, curiously enough, it was just at the very time that the duties were taken off that they were becoming of importance for revenue purposes.

If we revert again to the order of chronology, in the emergence of principles, we may notice next the idea that corn-growing should be encouraged by the State in the interest of the rural population, and with the very idea of keeping up the employment of labour in the country. In the time of the Tudors there was precisely the same outcry against the displacement of men by sheep in England, as arose in Scotland in the nineteenth century. The Tudor legislator tried to find a remedy in direct legislation—cottages were to be rebuilt, and land that had been thrown under grass was to be again converted into arable.¹ The political object in view

¹ Cunningham, Vol. I., p. 531.

is well brought out in a proclamation of Edward VI.: "The force and puissance of this our realm, which was wont to be greatly feared of all foreign powers, is very much decayed, our people wonderfully abated, and those that remain are grievously oppressed." By the end of the Tudor period it was felt that this kind of direct encouragement to corn-growing was no longer required, but the political idea persisted in full force up to the time of the repeal of the Corn Laws. One of the advantages claimed for the *bounty* was that it would extend tillage, and thus keep up or increase the rural population. The same argument was used in defence of the import duties. At the end of the eighteenth century an increase of population was supposed to be one of the best signs of progress, and the agricultural population was regarded with special favour as the foundation of the power of the State.

This, it may be noted in passing, was the political justification of the *allowance* system, which allowed so much to every labourer in proportion as he had enriched his country with children.¹ At the beginning of the eighteenth century this patriotic ideal had been obscured by the dread of pauperism and vagabondage, and the natural increase of population had been somewhat restrained by the repressive measures adopted in spite of the very low prices of food. The allowance system substituted a bounty, in place of a check, on the increase of population.

It is difficult to estimate, even in the roughest way, the effect of the Corn Laws of the nineteenth century up to the repeal in promoting the employment of rural labour. Certainly the effect could not have been very great. In spite of the high

¹ The principle was carried to an extreme when women received allowances for illegitimate children.

protective duties, the proportion, in Great Britain, of *families* employed in agriculture declined from 35·2 per cent. in 1811 to 25·9 per cent. in 1841 of the total number of families.¹ Between 1821 and 1831 there was an absolute decrease in the number of families in agriculture, in spite of an increase of about 19 per cent. in the aggregate number of families in Great Britain. After 1831 we can obtain the figures of the actual individual workers in place of the families, and again we find that, if we compare 1831 with 1841, with an absolute increase in population of over two millions, there was an absolute *decrease* in the number of adult males employed in agriculture.²

It would be out of proportion to enter into greater detail on the general question of rural depopulation. It is enough for

¹ Porter, pp. 52, 53.

² *Ibid.*, pp. 61, 62.

the present to insist that before the repeal of the Corn Laws an absolute diminution had begun, in spite of a rapid increase in the population as a whole. Of course, it may be argued that the Corn Laws had at any rate checked the decrease. And if they had not been repealed, it may well be supposed that in this country the diminution of the rural population would not have been so great. The chief argument at the present time in Germany for the corn duties is this very need of encouraging the rural population, and it may be granted that under certain conditions the natural effect of protection to corn-growing would be an increase in the quantity of labour employed on the land. The history of agriculture and of population in this country up to the repeal shows, however, that the most stringent corn law restraining imports did not suffice

to prevent the decrease of the rural population. From 1800 to 1846 there were great improvements in agriculture of all kinds, and the produce was largely increased. But these improvements consisted greatly in economies of labour, or, at any rate, the produce was increased without a corresponding increase in the employment of labour.

In reference to this question of rural depopulation, it may not be out of place to recall the fact that the complaint of the growth of the towns and cities at the expense of the country has been made from the earliest times and in all countries, under all kinds of conditions. A corn law may to some extent check the tendency, but it certainly is not sufficient to overcome it altogether. Whether such a check to the rural depopulation as may be supposed to be afforded by restraints on

imports is of advantage to the nation as a whole involves the consideration of the whole system of protection, and of the direction of industries by the State; and some attention may now be given to the Corn Laws considered as part of a wider system of the regulation of industry.

When Adam Smith attacked and destroyed the old mercantile system, of which the Corn Laws formed so important a part, it was natural that he should lay most stress on the existing abuses. He allows, indeed, that in its origin, and having regard to the system which it displaced, the mercantile system was not altogether unreasonable; but he argues that the original aims had long since been forgotten in the means, and he seems to imply that the system had been a failure from the first. Recently, however, economists have given much more prominence to the real objects and the

actual policy of the system than was possible for Adam Smith. The leading idea of the system was to promote *national power*; and the Corn Laws may be regarded from that point of view. In the reign of Elizabeth, as is so well brought out by Dr. Cunningham, the fostering of agriculture is consciously associated with the improvement of the mercantile marine. At first sight, as he says, there might not seem to be much connection between the two; but the idea was, that if corn were grown in larger quantities for export there would be another native commodity available for the employing of native ships, and it might be possible to compete with the Dutch in the profitable trade they carried on in the Mediterranean, as at that time there was a great trade in corn from the Baltic. In an Act passed in 1563 (5 Eliz.) which raises the limit of price below

which export was to be allowed, the measure itself is described as "an Act touching certain politic constitutions for the maintenance of the Navy." And indeed it is shown that the whole policy of Burleigh—Elizabeth's great minister—was to strengthen the naval power of the nation by the developmont of foreign trade, instead of relying on the restrictions of the Navigation Acts, which checked that development. In this policy we have the forerunner of the dominating principle of the great financial reforms of the nineteenth century, which included the repeal of the Navigation Act.¹

Similarly the bounty on export was partly defended on the ground of the encouragement given to foreign trade, and in that way to shipping, and indirectly to naval power.

¹ The trade in corn was always regulated by the Navigation Acts.

The political use of the regulations of export is emphasised when we recall that the export of corn to Spain was prevented with the object of diminishing the power of that nation.

When, at the close of the eighteenth century, the imports began regularly to exceed the exports, the restraints on imports were defended also on the ground of the promotion of national power. At this time stress was laid on the importance of *national independence* as regards the supply of food. And no doubt this principle was applied to a number of other commodities besides corn. The theoretical validity of the principle in itself has been admitted by all economists from Adam Smith to Fawcett. M'Culloch applied the argument to the case of raw cotton (*à propos* of the cotton famine). Whenever any commodity is necessary for the defence of the nation, Adam Smith

argued that it is inexpedient to rely on foreign sources of supply, and it seemed only logical to apply the principle to corn, and to food generally. The answer of Adam Smith is implied in the position that the utmost freedom of trade in corn could not injure the British production; and the idea prevailed down to the repeal of the Corn Laws that in effect every country must in the main depend on its own food supplies, and that there was no fear of its independence on this ground being seriously threatened.

But the best answer to this argument, founded on national independence, and one that has the advantage of being applicable under present conditions, is, that by the abolition of the restrictions on imports, the power of the country would be much more increased, and the independence much more effectively secured. The increase of wealth would mean the increase of naval power,

and naval power was a better means of defence than self-sufficiency in corn-growing. Tooke has shown that the restraints on the corn trade before 1846 directly and seriously injured the shipping trade.¹

And this leads me to notice that the Corn Laws were only part of the measures adopted to protect the national food supplies. In most cases, up to the repeal of the Corn Laws, the import of all kinds of animals, living or dead, adapted for food, was absolutely prohibited.² And in this connection it may be well to point out that this gives another reason for the contention that it is impossible to estimate by a simple appeal to facts the influence of the Corn Laws on the general condition of agriculture, and on the interests of the

¹ Tooke, Vol. III., p. 36.

² Peel prepared the way for the repeal of the Corn Laws by reducing duties on other provisions.

particular classes—the landlords, the farmers, and the labourers. If protection benefited agriculture in the matter of corn, it benefited it also in other things; and conversely, if the Corn Laws were injurious, so also were the restrictions on other kinds of food.

And this, again, leads to the consideration that the restraint on the import of food was not defended only, or mainly, on the ground of *national independence*, but on the grounds that are more commonly associated with protection to native industries. It would be out of proportion to discuss the case for protection to home industry in general; but it is pertinent to observe that the repeal of the Corn Laws was part of a general movement towards free trade. This movement had made considerable progress before 1846, and the adoption of the maxim of taxation for revenue only was not completely effected till 1860.

At the same time, both at home and abroad, the Corn Laws were the most prominent and noticeable part of the protective system. When foreign nations were invited to reduce their tariffs, they always pointed to our Corn Laws. A remarkable instance occurs in connection with the framing of the tariff of the United States in 1824.¹ Our Minister at Washington, in that year, wrote to Mr. Canning: "Had no restrictions existed on the importation of foreign—*i.e.*, American—grain into Europe, and especially into *Great Britain*, there is little doubt that the tariff (that is, of the U.S.A.) would never have passed through either House of Congress, since the great agricultural states, and Pennsylvania especially, the main mover of the question, would have been indifferent, if not opposed, to its enactment."

¹ Porter, p. 512.

In the same despatch, it is said that the retention of the Corn Laws by Britain led the Americans to suspect the real intention of any removal of other restrictions as in the modifying of the Navigation Acts by Huskisson. They suspected this country of insidious designs, with the view of afterwards taking advantage of the concessions obtained from other countries. In this connection, the opinion of List, the greatest writer on protection, and the most just, on the whole, may be recorded, who asserts that Britain ought, in its own interests, to have adopted Free Trade, and repealed the Corn Laws immediately after the great war had concluded in 1815.

In view of these expressions of opinion in foreign countries, that they had only followed the example of England in adopting protection, it was natural to suppose that if England adopted Free Trade, especially

as regards corn, other nations would follow her example in this matter also. The hope was expressed by the advocates of the repeal in this country, and sometimes, as the event showed, with too great emphasis or too little caution. But the repeal was in effect carried and defended in the interests of this country, altogether apart from what other nations might be expected to do by way of imitation.¹

The chief motive power in the repeal next to the popular cry for cheap food (intensified by the potato famine) was the idea of the manufacturers and the trading classes that industry would benefit by a cheapening of the cost of production. Too much is

¹ This is true of the whole Free Trade policy of Peel. "He only adopted Free Trade completely when he had first convinced himself that to induce other nations to do the same was impracticable." In 1846 he said: "I have no guarantee that other countries will immediately follow your example . . . we have resolved at length to consult our own interests."—*Life*, Vol. III., p. 588.

sometimes made of the apparent contradiction between these two views. It is said that if the cost of production were lowered to the manufacturer by the fall in the price of necessities, that could only mean a corresponding reduction in money wages. But, in the first place, the benefit of the fall in price might be divided; real wages might become higher, and yet the cost of labour might fall. It was generally believed at that time, and the belief was supported by statistics, that the marriage rate rose and fell inversely with the price of corn. Cheap food meant a better supply of labour. But the great argument of the traders was that the import of food would lead to an increase of exports of manufactures to pay for the food, and the extension of the market and of the scale of trading would lead to economies of production. The law of increasing return was understood by business

men long before it was formulated by economists, and except in name it was stated by Adam Smith. The manufacturers of the pre-repeal era had obtained a grasp of the interconnection of trade that has since been less firm, because their successors have not such concrete examples of the inconveniences of the restrictions on imports and of the reaction on the export trade. The petitions sent up from London, Edinburgh, and other cities show that the merchants in 1820 were fully alive to the advantage of greater freedom of imports, especially as regards food and raw materials. The point is that the repeal or reduction of the import duties on corn was advocated as part of a general policy of freedom by which it was said the whole nation would gain, not only in consuming, but in productive and in trading power. So late as December, 1845, Peel wrote: "My wish would be not to

give undue prominence to corn, but to cover corn by continued operation on the Customs tariff.¹ And, gaining in this way, the nation also, it was thought, would gain in the power of defence, and if necessary of attack. It may be a matter for argument whether the abolition of the Customs duties was carried too far in the end, but there can be no question, after the famous report of 1840, that the whole system required a complete revolution. The repeal of the Corn Laws gave an impetus to the movement of reform that it could have obtained in no other way. If agriculture was to receive no more protection, if an exception was not to be made even in favour of corn—the production of which had been fostered by the State directly and indirectly for centuries—then no other industry could hope to establish any special claim, and the way

¹ Life, Vol. III., p. 607.

was opened for the application of general principles.

An interesting feature of the old corn duties was the preference given to the produce of British colonies. As early as 1766 it is recorded¹ that corn was admitted for a limited time from the British colonies duty free, though foreign corn was then subject to very high duties—wheat 22s. the quarter. In 1791 the plan was adopted of making the limit of free importation lower for the colonies than for foreign countries. When the price in England was at or above 52s., the colonial corn was admitted at a duty of 6d., but the foreign corn was not admitted at this duty till the price had risen to 54s. This very small preference was increased in 1804; a nominal duty was imposed on the colonial wheat when the price in England was at or above 56s., but for foreign corn

¹ Customs Blue-Book, from 1800 to 1897, p. 231.

the price must rise to 66s. for the same duty. This is now a difference in the limit of 10s. in favour of the colonies. In 1815 colonial wheat could be admitted duty free at 67s., whilst for foreign wheat the limit was raised to 80s; in 1822 the colonial free limit was 71s., the foreign 85s. In 1827 a different plan was adopted, and a graduated scale of duties was arranged with lower duties for the colonial products. The maximum duty on colonial wheat was 5s. a qr., whilst the maximum on foreign was 20s. 8d. In 1842 the prices at which these rates were imposed were lowered so that colonial wheat only paid 1s. duty if the price was at or above 58s., and only 5s. as a maximum when the price was below 55s. The foreign wheat paid 20s. as a maximum, and according to the scale, at 55s. the colonial wheat would pay only 5s. and the foreign as much as 17s.

In 1843 the interesting statement is found that, in consideration of Canada having imposed a duty of 3s. on wheat imported from other places than the United Kingdom and British possessions, in return the wheat of Canada was to be admitted into England at a duty of 1s. per qr., and corresponding rates for flour—this preference being allowed so long as Canada retained its differential rate against foreign countries. The immediate effect was to increase the imports from Canada relatively to those from U.S.A.¹

In 1846, when the repeal was only gradually applied to the produce of foreign countries, not taking full effect till 1849, the produce of British possessions out of

¹ See Table in Tooke, Vol. VI., p. 451. From 1828-45, about three-fourths of the imports came from various countries in Europe; from 1841-45, the imports from British North America were about 11 per cent.; from 1831-35, about 14 per cent. of the total.

Europe was admitted at a fixed duty of 1s. As this was the rate imposed on all foreign corn after 1849, the preference vanished. It is impossible to estimate the particular effects of these preferences to colonial corn, and they must be considered as part of the whole system of colonial policy. In 1840, according to Porter's evidence to the famous import committee of 1840, there were 80 differential duties in favour of colonial products. In many cases, as we see from the figures just quoted regarding corn, although the colony was favoured, its produce still paid a heavy duty in the home country. It was not till Canada gave its illusory preference to British corn that its corn was admitted to the British ports at a nominal duty. In the same way as regards timber, the colonies were favoured *relatively* to the foreigner, but they paid a heavy duty to the home country. In fact, the preferences

granted by the mother-country to colonial products, including corn, were like the preferences now granted to British manufactures by Canada—they were relative, and not absolute, remissions. One or two other points of general interest are worth noting. For a long time there was an increase in the preference and also an increase in the duty paid by the colony. The method was to penalise the foreigner, and yet to protect the home producer. We read that the grant of the nominal duty on corn to Canada in 1843 was bitterly opposed by an influential section of the agricultural interests at home. As it happened, the preference given to Canadian *timber* was so effective in securing to that colony the British market that the lumber industry was greatly encouraged, and a check was imposed relatively on corn-growing and agriculture, as the capital of the colony was limited. Under this

protective influence, it is also said that the lumber industry was carried on by old and inefficient methods, so that the real gain to the colony was not great.

Time will not permit of examining in greater detail the whole economic policy of colonial preferences ; it must suffice to say that, soon after the repeal of the Corn Laws, the whole system was abandoned. It does not appear that the colonies were really injured by the abolition of the preference, rather the contrary ; but, as Prof. Davidson shows in his admirable work,¹ they *thought* they would suffer, they bitterly resented the withdrawal of the preferences, and the agitation for union with the United States was stronger than at any other period. A vested interest had been created, and when it was disturbed the shock threatened the union with the

¹ "Commercial Federation and Colonial Trade Policy,"
p. 47.

mother-country ; and, on the other side, the preferences to the colonies had cost, and were costing, the home country so much, especially those on sugar and timber, that there was great discontent, and never was the value of colonies so much discussed, or so much depreciated.

The corn preferences were, of course, only part, and not the most important part, of the colonial policy, but the point is that they are typical of a system that in the past proved unworkable, and hindered rather than promoted the closer union of the Empire.

It is true that the conditions have changed, and we cannot argue from failure in the past to failure in the present ; but the experience of the past, at any rate, suggests caution. The old dangers and the old errors must be avoided if new benefits are to be attained. Amongst such

dangers are the mutual jealousies of producers in the different colonies and in the home country; the discontent of consumers at the higher range of prices, real or only supposed; the difficulty of altering the tariff once adopted without disturbing vested interests; the complications with foreign countries, and possible retaliation.

Above all, we have to beware of the cumulative effects of a combination of a number of small influences. One of the chief causes of the rapid growth of public expenditure, both imperial and local, is the growing carelessness of the relation of details to principles. When any item is considered by itself, the expense seems so insignificant that we let it pass. In this way a spirit of extravagance is engendered, and the evil increases. The same carelessness, and the same neglect of principle, seems to threaten our revenue and methods

of taxation. An extra penny on the income tax, or on tea, and so on, each in itself is negligible, and a fraction of a farthing on the loaf seems ridiculous. But we ought to consider the cumulative effects, especially if a whole system of protective and preferential duties is adopted. The hopeless confusion of our Customs tariff in the first forty-two years of the nineteenth century is a perpetual warning.

If we want to understand the complexity of the old system, we must look to the detailed records of the Customs. We must refer to that most interesting Blue-Book which gives the Customs tariffs of the United Kingdom from 1800 to 1897, the year of its publication. It is nearly one thousand pages in bulk—all facts and figures, no theories, no opinions. As an example of the old system, we shall find that the tariff in force from 1825-26 to 1832-33 occupies one

hundred and fifty-one pages, and one of the pages is of prohibitions that include such varieties as beef and buttons, silk fringes and swine, mutton and band-strings. We must read to appreciate the details of the one hundred and fifty-one pages of these varied and complex duties. By way of contrast, if we look to the tariff after the great reform of 1860 we find that it occupies only thirteen pages, and most of the duties are simply imposed to secure the productiveness of a very small number, whilst the only prohibition of importance is that of infected cattle.

The old system, as revealed in the pages of this Blue-Book, is so utterly and ludicrously indefensible that the most ardent admirer of the past would not wish for a return to it. But we ought not to forget that at the time it seemed not only based on reasonable principles, but necessary. The

reform of the system was only effected partly because the country was most fortunate in the personality of its statesmen, especially Sir Robert Peel, and partly because, in spite of all its exaggeration and narrowness, the agitation for the repeal of the Corn Laws gave a great stimulus to financial reform in general. The political influence of the repeal was much greater than the material effects of the particular measure.



CHAPTER IV

GENERAL RESULTS

I PROPOSE, in conclusion, to make a rapid survey of the principal results of the historical inquiry, and to consider very briefly what bearing they may have on the present condition of affairs.

At the present time, and indeed for the last sixty years, the term corn laws has been applied so exclusively to the duties on import that the fact is overlooked that restraints on imports were only part, and for centuries not the most important part, of the Corn Law system. Up to nearly the end of the eighteenth century, England was on the average an exporting country, and the bounty on the export of corn was

not actually repealed till 1814. It is true that by this time the bounty was altogether inoperative, but, in the opinion of Tooke, up to this same date the restraints on imports had also been inoperative. This narrowing of the interpretation of the Corn Laws to protective import duties has also been accompanied by a corresponding narrowing of the real interests involved in the agitation for the repeal of these duties. A wider historical survey shows that the Corn Law, even when reduced to protective import duties, was itself complex, and part of a system still more complex. This complex system of regulation of all kinds of trades and industries had begun to break up under the pressure of natural economic forces, and had been subjected to political attack and legislative modification long before any serious attempt was made to repeal the restrictions on the import of

corn. Huskisson, when effecting a series of reforms in the direction of Free Trade in 1823 to 1825, declined to interfere with the Corn Laws. Peel's great budget of 1842, which was the basis of the fiscal revolution that culminated in 1860, did so little in the way of reducing or modifying the corn duties that the budget and its author were denounced by Cobden with the greatest violence.¹

The renewal of the income tax by Peel in this budget which, as Gladstone showed in his own budget of 1853, was essential to the financial reforms that we are apt to label simply as Free Trade, was regarded by Cobden apparently as of political importance only because it would irritate the shopkeepers and manufacturers, and lead them to demand the repeal of the corn and sugar duties. "Many a league meeting in the next three

¹ See Morley's "Cobden," Vol. I., chaps. xi. and xii.

years," we are told by Mr. Morley, "rang with fierce laughter at the expense of a Minister who talked of relieving the consumer when he had taken the tax off dried fruits, cosmetics, satins, caviare, and left it upon the loaf of bread." In a speech in the next year—the speech which led up to the celebrated scene with Peel—Cobden spoke of this budget in these terms (p. 258): "He (Peel) retained the duty on the two articles on which a reduction of duty was desired, viz., corn and sugar, and he reduced the duties on those on which there was not a possibility of the change being of much service to the country. It was folly or ignorance. The reduction of the duties on drugs and such things was a proper task for some Under Secretary of State dealing with the sweepings of office, but it was unworthy of any Minister, and was devoid of any plan. It was one of the least useful changes

proposed by any Government." The budget attacked in these terms was the budget which Mr. Gladstone, who was then Vice-President of the Board of Trade, and had most to do with the details of the measure, has declared cost him six times more labour than all his other three great tariff reforms put together.

The reception accorded to this budget by the Anti-Corn Law League is significant of the narrow limits in which the popular controversy had come to rage. The battle was the consumer against the landlord—cheap bread against high rents. It is, of course, quite possible that such a concentration of energy and such an exaggeration of opposing interests was thought necessary to arouse popular enthusiasm. At first the working classes, as we are told by Cobden himself, held aloof. "He did not charge the great body of the working-classes with taking

part against the repeal of the Corn Laws, but he charged the great body of the intelligent mechanics with standing aloof.”¹ To move these classes the cheap loaf was the simplest cry, and in the end it became the loudest. “For seven years,” said Mr. Bright, “the discussion on that one question—whether it was good for a man to have half a loaf or a whole loaf—for seven years the discussion was maintained, I will not say with doubtful result, for the result was never doubtful, and never could be in such a cause.”² There can be no doubt that under certain conditions of distress and dear food, the Legislature, whatever be the form of government, must bow to the popular demand for relief. For a long period in England under such circumstances the outcry was directed against the dealers and speculators in corn. Burke, in

¹ Morley's “Life of Cobden,” Vol. I., p. 249.

² *Ibid.*, p. 191.

his letter to Pitt on the scarcity in 1795,¹ in advocating a free trade in corn, "whether the middleman acts as factor, jobber, salesman or speculator," points out that the middleman is maligned by both farmer and consumer. Up to that time (1795), and even later, it was the machinations of the dealer that were attacked. Four years before, in 1791, the limit for import at a nominal duty had been raised with general acquiescence.

In the earlier stages of the agitation for the repeal of the import duties, most stress had been laid on the general development of trade. The manufacturers and merchants of Lancashire wished to free the import of corn, primarily in order to increase the export of manufactures. Unless we admitted the staple products of other countries, they could not take ours in

¹ "Thoughts and Details of the Scarcity," Works, Vol. V., p. 96.

return—the restriction of imports reacted on exports. This was the great argument of the petition of the London merchants in 1820, and was the efficient cause of the great financial reforms of Peel and Gladstone. There is another often-quoted passage in Gladstone's budget speech of 1860,¹ which brings out clearly the dominant force of this principle in his mind.

This passage has often been read with the implied interpretation that the interest of the consumer, as such, is of relatively small importance compared with that of the producer. Nothing, however, is to be gained by turning the critical microscope on to an isolated passage of a speech of Gladstone, as if it were the sole surviving fragment of an ancient sage, when we have volumes of the same author to aid us in the verification. And in any case the mere

¹ "Financial Statements," pp. 128, 129.

expression of opinion is of little importance, except as part of the history of political thought. The truth is, as would now be recognised by economists generally, that the consumer and the producer are the same person regarded from different points of view. If we take the family as the unit of the social economy, it is clear that, with very few exceptions, all consumers are also producers. And the same family may be benefited or injured in either capacity. This is really the underlying thought in J. S. Mill's statement: "I cannot therefore agree in the importance so often attached to the repeal of the Corn Laws merely as a labourer's question." To make food cheaper is only one of the elements in the improvement of his general position: the element which Mill, in turn, exaggerated to the exclusion of others was the supply of labour or the question of the restriction of the population.

Every reader of Mr. Morley's "Life of Cobden" must know that Cobden realised to the full the benefits of Free Trade in the larger meaning; on the general question he did not overrate the importance of mere cheapness, as is shown especially in the French Treaty of 1860. But in the later stages of the Anti-Corn Law agitation, as the event proved, too great stress was laid on the effect of the Corn Laws on prices. The repeal did not enable the labourer to get a whole loaf instead of a half. If we take the average twenty years, from 1827 to 1846, it works out at 57s. 4d. a qr., and from 1850 to 1869 the average is 52s. 6d. It was not till after 1882 that the price fell normally below 45s., and in the three years, 1834-5-6, ten years before the repeal, the average had been below that figure. The fall in prices since 1882 has been due to the great fall in

freights, coupled with the enormous production, on a large scale, in foreign countries.

At the same time, in trying to reduce the interest of the consumer in the repeal of the Corn Laws to reasonable proportions, we must avoid the other extreme. If the old scale of duties had been retained and enforced—that is to say, not modified or suspended in dear years—then no doubt the range of corn prices would have been much higher; and that is the only legitimate way of estimating the effect of the repeal on the consumer directly.

The consumer benefited also indirectly in other ways. As the dependence on foreign supplies became more regular, and the supplies were drawn from a wider area, the fluctuations became, so far, less severe. Here, again, the logical position is that the fluctuations were rendered much less severe

than otherwise would have been the case. The great cause of fluctuations is the course of the seasons; and the wider the area the greater the compensation. Again, under the old Corn Law, it was not till prices had reached a high range that the demand for foreign corn became effective, and there was no regular surplus for export in the foreign countries.

I have so far, in this general survey, followed the popular notion of looking to one part of the Corn Law system, and over a very short period. But a broader survey, over a longer period, is requisite if we wish to understand the whole system and its relations to the general economic policy of the country. Such a survey shows that for centuries it was considered the duty of the State to protect the interests of the consumer. All the regulations regarding dealing and speculation in corn were in the supposed interest

of the consumer. As a rule, if there was any danger of scarcity, export was forbidden. Sometimes a price was fixed above which export was not allowed; sometimes there was the direct interference of the executive before the price had attained the dear limit. Then again, as regards imports, although restraints had been imposed from early times they were normally inoperative, and in dear years were suspended or modified. It is noteworthy that such modifications of the duties on imports took place even in the nineteenth century, when the restrictions were most severe. In 1800 and 1801, bounties were given on imports into the country, and various restrictions were imposed on the use of corn for other purposes than food.

In the same way, the bounty on export was defended in the interests of the consumer, and there was no reason to doubt that the belief was sincere.

Even when we consider the restrictions on imports in the nineteenth century, especially after 1815, it cannot be said that the landowners used their political power solely in their own interests, regardless of the consumer. There was a very genuine and widespread belief that it was not safe to rely on foreign countries for our supplies of food, especially corn.

This was the position of Peel in 1842, the year of the budget, which Mr. Morley has called the greatest of the century. "It is of the highest importance," said Peel, in concluding a long speech in defence of his new Corn Bill, "to the welfare of all classes of this country that care should be taken that the main sources of your supply of corn should be derived from domestic agriculture. The additional price which you may pay in effecting that object cannot be vindicated as a bonus or premium to agriculture, but only

on the ground of its being advantageous to the country at large. . . . It is for the interest of all classes that we should be paying occasionally a small additional sum upon our own domestic produce, in order that we may thereby establish a security and insurance against the calamities that would ensue if we became altogether, or in a great part, dependent on foreign countries for our supply.”¹

There was also a general and widespread belief that the manufactures were being developed at the expense of the degradation and ruin of the working classes. The country party believed that the manufacturers cared for nothing but profit, and that the profit was obtained at a great and real national loss—a loss of physical health and a loss of *morale*. And before the factory legislation became effective, there was much to be said

for this view. Protection to agriculture was no doubt useless or hurtful as a remedy against the evils of manufactures, but the belief in the remedy was real enough; and besides, the country party also were *bond-fide* the strongest supporters of the Factory Acts.

Again, it must be remembered that the professed aim of the Corn Laws was to secure a steady remunerative price, and after a certain point was reached there was free importation or only a nominal duty. The limits fixed may seem to us too high, but at any rate the principle that was applied was not the principle of monopoly. The sliding scale that was adopted in 1828, and retained by Peel in 1842, was intended to secure a steady price. It rested on a fallacy, but Gladstone himself has recorded that it took him a long time to discover that any error was involved.

The supporters of the Corn Laws were no doubt in the wrong in supposing that the

country could prosper on the principle of supplying in the main its own food; they were wrong also in thinking that the growth of manufacture meant of necessity a loss of national power and vigour of race; and they were wrong in thinking that any legislation could secure a steady price of corn. But they believed in the justice of the Corn Law just as strongly as their opponents believed in its injustice. The desire was not simply to keep up rents. In 1846 Peel made his memorable eulogy on Cobden; he ascribed to him the success of the measure for repeal, and altogether underrated his own services. The eulogy has been too often quoted to require repetition, but the comment of Gladstone as revealed in Mr. Morley's "Life" is too pertinent to the present argument to be omitted. This is it: "All Peel said of Cobden was true, but he did not say the whole truth. And the effect of the whole, as a whole, was

therefore untrue. Mr. Cobden has throughout argued the corn question on the principle of holding up the landlords of England to the people as plunderers and knaves for maintaining the Corn Law to save their rents, and as fools because it was not necessary for that purpose. This was passed by, whilst he was praised for sincerity, eloquence, and indefatigable zeal." This amendment by Gladstone of the eulogy of Cobden by Peel is in my opinion perfectly just; the landlords were mistaken, but they were as anxious as Cobden himself for the good of the nation at large. They were no doubt interested in keeping up the values of land, but they still believed, what was the general belief of the whole country for the two preceding centuries, viz., that rent was the foundation and the measure of economic prosperity. Mr. Morley¹ has told us that

¹ Morley's "Life of Cobden," Vol. I., p. 159.

Cobden was so sure of a rise in the value of land in Manchester, if the repeal of the Corn Laws were carried, that he bought considerable quantities of land in that city for the rise, and held it up at considerable inconvenience to his business resources. But no one would say that Cobden was interested in the repeal, simply because he wished his building land to rise in value. Let the same measure be meted to the landlords of England.¹

On this matter also it may be worth while to recall the well-known opinions of Adam Smith. The conclusion of the chapter on the Rent of Land² lays down the general

¹ Peel's letters to his Drayton tenants and to Mr. Roebuck and others (1850) after the repeal, in which he offers to share the loss of the tenants, reveal in a striking manner the best traditions of English landlordism. "I have scarcely one farm that is not held on a yearly tenure. I have offered leases, but in vain." The security of the tenant lay in confidence in the landlord.—"Life of Peel," Vol. III., p. 530.

² "Wealth of Nations," Book I., chap. xi.

position that was so long accepted, namely, that the interest of those whose income is derived from rent (these are the words) "is strictly and inseparably connected with the general interests of society. Whatever either promotes or obstructs the one necessarily promotes or obstructs the other. When the public deliberates concerning any regulation of commerce or police, the proprietors of land can never mislead it with a view to promote the interest of their own particular order; at least, if they have any tolerable knowledge of that interest. They are indeed too often defective in this tolerable knowledge." And, by way of contrast, it is maintained that "the interest of the dealers in any particular branch of trade or manufactures is always in some respects different from and even opposite to that of the public. . . . The proposal of any new law or regulation of commerce which comes from this

order ought always to be listened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention." The reason assigned is, that it is to their interest to narrow competition, to raise profits, and to levy for their own benefit an absurd tax upon the rest of their fellow-citizens. Of the country gentlemen and farmers, Adam Smith said¹ "that they are, to their honour, of all people, the least subject to the wretched spirit of monopoly." This is no mere *obiter dictum*, but is supported by a long argument, and is repeated in different forms throughout the "Wealth of Nations." And, conversely, the work is studded with "harsh and bitter expressions" (the phrase is that of Thorold Rogers, who was himself a master of that species of

¹ Page 203.

rhetoric) about the mercantile classes. Such are the "mean and malignant expedients of the mercantile system"; "the passionate confidence of interested falsehood"; "illiberal and oppressive monopolies";¹ and the famous "nation of shopkeepers." It was the conversion of Peel, the leader of the *country party*, which effectually sealed the fate of the corn duties.

We find the same popular and needless exaggeration regarding the Corn Laws and the landowners when we turn to the interests of the farmers. It was maintained that the farmers were induced by the stimulus of the protective duties to offer more than the fair competitive rent, and that the landlords gained at their expense. The proof of the allegation was found in the constant complaints of agricultural depression and the corresponding reports of

¹ Rogers' preface to the "Wealth of Nations," p. 42.

committees and commissions. For many reasons, however, the complaints of farmers on the depression of agriculture must be received with caution. There are some instructive and well-reasoned comments on this topic by the oft-quoted authority on the Progress of the Nation in the first half of the nineteenth century.

I may remind you that Porter—the Giffen of his day—was an ardent free trader, and chief of the Statistical Department of the Board of Trade. He had no brief for the landlords, as the passage already quoted abundantly proves. He writes, in 1846,¹ on this question of agricultural distress, on which so much had been said in the Corn Law period, in these words: “The parties who, during all that time, have embarked their capitals in this branch of industry, must have been actuated by motives

¹ Page 142.

altogether different from those which influence the rest of mankind, if year after year they have been content to accelerate their own ruin by increasing the extent of their operations." He brings forward evidence to show that agriculture was making great progress, and that the British farmers were in advance of the rest of the world. In the twenty years or so preceding the repeal of the Corn Laws, he tells us, a great increase in production was brought about (with a much less than proportionate increase in the labour employed) by the employment of capital in improving the soil, in draining, in machinery and implements, in consolidation of scattered holdings, and in cropping and the rotation of crops. It is interesting to notice in this place that he calls particular attention to the help that has been borrowed from men of science—the

researches of Davy at the beginning of the century, and the later investigations of Liebig. The use of crushed bones obtained from the plains of South America, where the animals were formerly killed solely for the tallow and hides, became general about 1820, and the imports of guano had become of increasing importance. Everything, indeed, points to an advance in enterprise and scientific farming. If we remember that the security for the investment of capital by the farmer was, to say the least, imperfect, we are strengthened in the belief that, on the whole, farming must have been fairly prosperous, in spite of the complaints of chronic depression.

But this prosperity, although coincident with, is not to be ascribed, in his judgment, to the Corn Laws. Porter thinks that if prices had remained as high as in the great war the farmers would perhaps have

gone on in their old courses; and the improvements are ascribed largely to the stimulus given by the fall in prices. In this respect the progress of agriculture is analogous to that of industry in general. The low prices of competition are a much better stimulus than the high prices of monopoly.

Possibly, as already shown, the fluctuations induced by the duties rendered farming more speculative than it otherwise would have been, and farmers over-estimated their chances of gain; but after all, the main cause of fluctuations was the course of the seasons.

The effects of the duties on the employment and wages of agricultural labour have been much exaggerated by the supporters of the Corn Laws. Under that system, in fact, the rural population began to decline, and wages did not rise, in

money, in proportion to the progress of agriculture. It is indeed remarkable that agricultural wages have reached their highest point in 1900 to 1902, namely, 14s. 7d., when the price of wheat was only 27s. per quarter, on the average. The rise in agricultural money wages is to be ascribed mainly to the increased demand for labour in other industries, and the rise in real wages to the improvements in agriculture and the opening up of new fields in all parts of the world.

Even as regards rents, the actual benefit to the landlords under the Corn Laws was not great, and for many years after the repeal the rent of arable land did not fall. Caird¹ gives the average for cultivated land in England at 13s. per acre in 1770, at 27s. per acre in 1850, and 30s. in 1878.

The public revenue from the import duties

¹ "Landed Interest"—Appendix.

on corn was from 1800 to 1824 inappreciable. The highest sum received in any one year for the United Kingdom was £56,268 in 1811; in some years there was no revenue, and, from 1817 to 1823 inclusive, the total for the seven years was only £15. For the seven years, 1833 to 1839, the average was under a quarter of a million per annum. It was not till the six years preceding 1846 that the average revenue from the corn duties approached a million a year.

It thus appears that the total effect of the import duties up to 1840 was not considerable from any point of view. It is impossible to arrive at any general result merely from an examination of the figures in the aggregate. The country was, in the main, dependent on its own supplies of corn. In years of scarcity there was considerable importation free of duty, and in years of plenty the price was too low to admit of profitable

importation, even if there had been no duty. It is calculated by Porter that, if we compare the period 1801 to 1810 with the period 1831 to 1840, whilst the population had increased by nearly six millions, or more than 50 per cent., the number fed on imported foreign wheat had only increased by about 300,000. In other words, the country had by improvements in agriculture been able itself to provide for this great increase of population. If we compare the average price of wheat in these periods, we find that whilst in the first ten years, 1801-1810, it was 83s. 11½d. per qr., in the last ten, 1831-1840, it had fallen to 56s. 11d. It cannot then be said that, on the whole, the additional food supply had been obtained at an increasing cost to the country.

After 1840 the foreign imports became of more importance, and since the repeal of the duties there has been a great increase,

especially in the last quarter of a century ; but from 1849 to 1859 the imports of wheat were practically stationary, in spite of the increase of population.

It again appears that the enormous increase of imports in recent years is due rather to natural economic causes than to the positive effects of the repeal. Negatively, no doubt, the absence of duties so far stimulated imports, and as the whole of the duty, had it been retained, would probably have been paid by the consumer, the gain in cheapness has been great. The absence of corn duties has enabled the country to take full advantage of the abundant supplies from abroad. All this is unquestioned, and needs no argument. But the point I wish to insist on is this, that it does not follow that the corn duties, *whilst they were in force, were the main cause of high prices*, and that the landlords

fattened on the famine of the people. The truth rather seems to be that, when we survey the whole history of the Corn Laws, extending over centuries, we see that the main object at the time of their institution was in general to promote the public interest. The landlords were throughout the dominant political class, but legislation was not conceived in the interests solely of their own order. In many of the regulations, as already shown in detail, the interest of the consumer was dominant. Such was the case with the laws against speculative dealings, and more generally all the laws regulating the inland trade in corn. The price of bread was fixed by the Assize in accordance with the price of corn. Exports were restrained on any appearance of scarcity. Even the bounty on export was intended to benefit the consumer, and has been justified on

that ground by recent writers. Proposals for public granaries were approved at the beginning of the seventeenth century, and again, as Burke tells us, at the end of the eighteenth. If they were not built and filled with stores of grain, it was not for want of goodwill to the consumer. Even the restraints on imports were justified on public grounds, and in the ultimate interest of the consumer. In times of dearth they were suspended, and on occasions bounties were given on imports, and regulations were framed to promote economy in the use of the corn. Some of the Corn Laws show a desire to promote public interests of a more general character than mere cheapness. Sometimes the Legislature tried to prevent the decay of the rural population, and an effort was made to promote corn-growing, and restrict sheep-farming. Sometimes the main idea was to encourage

corn-growing and the corn trade, so as to extend the commerce over seas, and in that way indirectly to foster the navy, and preferences were given to the British colonies as part of the system of closer political union.

When, however, we turn from the intention to the result of this varied and complex legislation, the record is not so favourable. The whole of the laws regulating the inland trade may be said to have died a natural death. It is doubtful if they ever really benefited the consumer; it is more than probable that they were actually injurious both to the consumers and to the farmers. The bounty was certainly costly to the revenue, and the general benefits are at any rate open to question. When the country began naturally to import on balance, the bounty on export was not sufficient to counteract

the tendency, and it was repealed just when the import duties were raised to a maximum, and when, on Tooke's showing, in the interests of the landlords, if that only had been regarded, the bounty ought to have been increased.

The duties and restrictions on imports failed to achieve the public objects for which they were ostensibly designed. They did not stop rural depopulation or the migration to the manufacturing towns. They did not raise money wages of agricultural labour; they did not encourage small farmers. In spite of the extreme protection, the condition of the masses of the people in the country districts was extremely miserable. The misery was due, no doubt, to a combination of causes; but the point is, that the protection of agriculture gave no remedy.

It is true that during the period of

restriction much progress was made in agricultural production. In spite of all the complaints of depression, the enterprising farmer was prosperous. But, again, his prosperity was not due to protection, for the indirect effect of the duties was to increase the frequency and the intensity of fluctuations in prices. Yet one of the principal aims of import duties had been to check these fluctuations, and to secure a steady price. The sliding scale, which was expressly designed to steady the price, only increased the evil.

The real effect of the corn duties on the average of prices is difficult to determine, as the country was in the main self-sufficing. But so far as there was any gain to agriculture from this source, it would be transferred to the landlord, just as the gain from the great war was so transferred. And even when we

consider the interests of the landlords, it is doubtful if they gained appreciably from the protective duties. Rents would be raised by protection only in so far as the average of prices was raised. How much the average rose it is impossible to estimate, but we know that for five-and-twenty years before the repeal the average was under 58s. a quarter. And there was only 5s. difference in the average for the twenty-five years succeeding the repeal. It may be said with truth that the repeal prevented a great rise in the rent of corn-land; but before the repeal rents fell from the level of the great war, and the Corn Laws may have checked, but did not prevent, the fall. Nor were the Corn Laws more successful from the point of view of larger public policy. In bad seasons and in times of need the country was obliged to rely on the foreigner, but the uncertainty

caused by the duties increased the difficulties of supply when it was really necessary.

The restraints imposed on the corn trade reacted on our exports; the preferences to the British colonies proved unworkable, and, with the rest of the preferential system, were abandoned. Until just before the repeal the revenue obtained was not of importance, and just when the duties became productive of revenue they also became productive of great popular discontent.

It is not too much to say that by the middle of the nineteenth century the whole system of corn laws had become obsolete. List, the greatest of the advocates of protection, maintained that England, in her own interest, ought to have repealed the Corn Laws in 1815—that is, a generation earlier,

The bearing of this ancient history on the present situation is suggestive and critical, rather than positive and definite.

It is said that conditions have changed, and that a change of economic policy is required. To such a general statement it may suffice to reply that the conditions have certainly become more complex, and it is improbable that methods which failed under simpler conditions will succeed under more complex. The history does not suggest that a moderate duty on corn is likely to increase the employment or the money wages of rural labour, but rather that even a moderate duty, so far as effective in raising prices, would depress real wages. It must be, besides, a discriminating duty; and in the past such duties proved to be both expensive and inequitable. Again, the history suggests that the adoption of protection for one industry would naturally

lead to a demand for protection in others. The old Corn Laws were part of a system, and were destroyed with that system. By analogy a new or revived Corn Law can also be only part of a general system, whether of protection or preference.

It would be entirely out of proportion to enter into these wider suggestions of economic policy more in detail. The general conclusion may be expressed in one proposition—namely, that the history of the Corn Laws strongly supports the negative argument for Free Trade. The history shows, indeed, that in the origins these various regulations were, on the whole, designed to promote the public good; but some of them became gradually merely useless, and were forgotten before they were formally repealed. Some were practically inoperative for a long period, and as soon as they began to be effective,

they began to be hurtful. The evil effects at the time of the repeal were no doubt greatly magnified by popular excitement; but there was the compensating advantage that the evil was checked before it had become very serious. The history of the Corn Laws has often been perverted, and the actual evils have been much exaggerated; but when all the rhetoric of exaggeration has been stripped away, and governments and landlords are cleared of iniquity in intention, the record is one of failure in accomplishment. The Corn Laws—even the protective duties—did less harm than was alleged, but fortunately they were repealed when their power for evil was becoming rapidly great.

The history of the Corn Laws can only be adequately appreciated in connection with the general history of financial expedients, and especially of taxes. We

find in economic history examples of all kinds, in which the objects in view seemed of the greatest national importance, and the burdens imposed relatively small, but in most cases the promotion of various social ideals by the simple method of manipulation of taxes has proved a failure.

The Navigation Acts, the idea of which was so strongly approved of by Adam Smith, were shattered by Huskisson twenty years before the repeal of the Corn Laws. The method of retaliation proved unworkable, even when we had a species of universal conscription of commodities for our fighting tariff; and, what is more pertinent to the present subject, the protective corn duties, although of an extreme character, failed in accomplishment. They did not steady prices or benefit the farmer, they did not prevent the flow of labour from the country to the towns, and they

did not make the nation independent of foreign food supplies—in brief, the Corn Laws, like the other expedients of the Mercantile System, proved to be either useless or hurtful as regards the attainment of their proposed objects.

THE END

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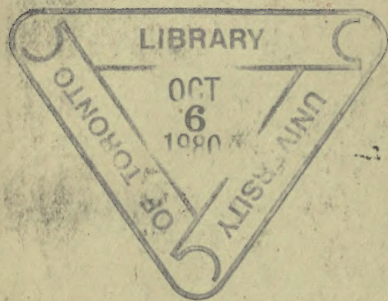
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